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# Daily Report
## Supplement

# Central Eurasia

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# Central Eurasia
## SUPPLEMENT

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## *Dole Jerusalem Embassy Stance Laid to Presidential Ambitions

*954Q0221A Moscow IZVESTIYA in Russian 16 Jun 95 p 3*

[Article by Melor Sturua: "Senator Bob Dole Repudiates Former Convictions and Becomes Bill Clinton's Main Rival"]

[FBIS Translated Text] **Minneapolis, USA — The leader of the Republican majority in the U.S. Senate and the main Republican candidate for the White House, Bob Dole, speaking at the annual conference of the influential Jewish lobby — the American-Israeli Public Relations Committee in Washington, to an ovation from the entire audience, announced that he is submitting to the senate a bill on the early transfer of the American Embassy from Tel-Aviv to Jerusalem.**

A similar bill has been submitted to the congress' House of Representatives by its speaker, Newt Gingrich. According to this bill, the foundation of the embassy building in Jerusalem is supposed to be laid by the end of next year. If the Clinton Administration does not do this, the bills make provision for a heavy punishment for the State Department. It will be deprived of half of all the amounts allocated for its construction projects outside the boundaries of the United States.

Senator Dole's legislative initiative has aroused a general commotion, introducing dissention not only into the ranks of Israel's supporters on Capital Hill, but even among the Israeli lobby in the United States and in Israel itself. A chill also ran between the pro-Israeli lobby in the United States and official Tel-Aviv.

If the United States begin to hurry with the embassy's transfer, then the Palestinians and the entire Arab world will regard such a step as support for Israel's claims to all of Jerusalem, including its eastern section which was annexed from Jordan as a result of the 1967 war. It is quite obvious that such a sharp turn in Washington will only harm the already highly problematical chances for a peaceful settlement in the Near East [sic].

Senator Robert (Bob) Dole has never been counted among Israel's bosom friends. And in general, the Republicans have been less favorable toward Israel than the Democrats. Not without reason, several of their presidents, including Nixon, and not without grounds, have been accused of anti-Semitism. In 1990, while making a trip through the countries of the Near East, Dole referred to Israel as a "spoiled child" and called for a substantial reduction in American aid to Tel-Aviv.

After returning from the Near East, Dole, speaking in the senate, called for the United States "not to interfere unilaterally in the determination of the future status of Jerusalem." Moreover, Dole announced that he was retracting his signature to the resolution recognizing Jerusalem as the capital of Israel.

And so here is a 180-degree about-face. So what happened with Bob Dole? Yet, he threw his hat into the ring of competitors for the position of U.S. President and wants Jewish Americans to fill this hat with ballots and dollars.

However, Senator Dole's cynical pragmatism is not merely the comedy of Washingtonian political mores. The progress of the peaceful settlement in the Near East is so fragile that any negative tremor may prove to be a seismic catastrophe. And Dole's initiative has precisely such potential. If Dole's bill becomes a reality, Yitzhak Rabin's government may fall, because it will lose the support of Arab voters. Dole's initiative has put Rabin's cabinet in a very delicate position, because it cannot openly criticize it.

Of course, the Clinton Administration is also not sitting idly by. The President is clearly against the senator's bill. The Clinton Administration is actively defending itself against the Republican congress. Speaking in the senate at the hearings in connection with his appointment to the position of U.S. Ambassador to Israel, Martin Indiuk stated that the transfer of the United States Embassy from Tel-Aviv to Jerusalem at this point "will, I am profoundly convinced, destroy the peace process." This was in February. And a day or two after Dole's demarche, Martin Indiuk, already confirmed as ambassador, repeated the very same thing, but now on Israeli soil, although in a somewhat softened form.

Dole's haste is objectively harming both the very idea of the U.S. Embassy's transfer to Jerusalem and also the senator's chances of bringing Jewish voters to his side. This is why it is believed in Washington that Dole has "outsmarted himself" and that his initiative has turned into a boomerang. Prior to Dole's bill, the idea of transferring the embassy was a prevalent one in the senate. Just recently, 93 out of 100 senators signed a letter to Secretary of State Christopher, demanding that the U.S. Embassy be moved to Jerusalem by May of 1999. Dole's haste, necessary only while catching campaign fleas, has split the senators' united front and the Israeli lobby supporting them. The most striking example of this is California. Both senators from this state — Diane Feynstein and Barbara Boxer — who supported the idea of transferring the embassy, are now quarreling with one another.

But, to Dole himself, the fate of his bill is not really that important. If the bill does not make it through congress or if President Clinton vetoes it, then Dole will just be glad in his heart of hearts. First, he will attempt to derive a mercenary benefit from this, having posed as a bigger pro-Israeli supporter than the Democrats and their president. And second, he will derive satisfaction as a "clandestine" right-wing Republican who does not favor Israel. However, he is playing the game so crudely that the boomerang may turn out to be a highly dubious key to the White House.

Politics are not mathematics, where the sum is not changed by a change in the location of the summands. Both the fate of the Near-East peace settlement and, possibly, the dynamics of the campaign fight in the United States may be changed by a change in the location of the U.S. Embassy in Israel.

### *Official Stance on NATO Expansion Assailed

*954Q0214A Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian May 95 No 5, [Signed to press 4 Apr 95] pp 61-67*

[Article by Vladimir Leonidovich Frolov, student at Diplomatic Academy of RF MID [Ministry of Foreign Affairs], under rubric "Point of View": "'Weakened Deterrence' as a Realistic Paradigm for Relations Between Russia and NATO"]

[FBIS Translated Text] The relations between Russia and NATO are experiencing what is probably the most serious crisis since the end of the Cold War. The NATO Council decision to expand the bloc by including the Eastern European states is being justly criticized in Moscow as the West's lack of desire to take Russia's specific anxieties into consideration. Meanwhile, Russian criticism concentrates chiefly on the positions of the West which has displayed insensitivity and disrespect to the great nuclear power and that even hastened to "bury democracy" in Russia. At the same time, unfortunately, practically no attempts are being undertaken to analyze the policy of Russia itself in this sector, or the degree to which it is responsible for the arising of the situation which can completely justifiably be called the worst scenario for Russia — the expansion of NATO despite Moscow's will, with the unchanged status of the relations of reciprocal deterrence between Russia and the North Atlantic alliance which have been preserved since the times of the Cold War. It is understandable that criticizing NATO is easier and psychologically more comfortable than searching for and recognizing the flaws in one's own position, but, without self-critical analysis, the adjustment that matured long ago in the course of the Russian Federation would seem to be impossible.

Russian policy with respect to NATO causes incomprehension both on the part of countries that are members of the bloc, and on the part of our East European neighbors who have made their choice in favor of entering it. Russia's strategic goals in this sector are unclear: the purpose may be partnership or even a kind of special relations with the North Atlantic alliance, or all the declarations concerning partnership may be serving only as a cover for a task that is more traditional for Moscow — the task of the gradual "shaking apart" of NATO and, as a consequence of that, the weakening of the U.S. role in European policy. Does Russia want the preservation of NATO as a very important instrument for guaranteeing European security (and the striving for partnership certainly presupposes a self-interestedness in the partner's further viability), or is Moscow convinced that NATO is a "relic of the Cold War" whose time has passed irreversibly, and that alliance must transform itself from a military bloc offering its members definite guarantees of security into some kind of "all-European" entity (in which case, with whom is the Russian Federation planning to be a partner)? If one judges from statements made by highly placed Russian representatives, it is difficult to avoid the impression that Russia is placing before itself and is attempting to resolve all these mutually exclusive tasks simultaneously.

Argumentation that is no less illogical and contradictory is the Russian argumentation that explains the reasons for such a decisive opposition on the part of the Moscow to the NATO expansion plans. It is asserted that "NATO's expansion to the east" will lead to a new splitting of Europe into two opposing groupings (Russia is a "grouping"?), to the renewing of confrontation, to a new Iron Curtain, to isolation of Russia, etc. However, if NATO is a partner, then how is it possible to oppose a partner? If NATO is a partner and, consequently, the alliance does not threaten Russia, then isn't it unimportant in which borders that "inoffensive" partner is situated? Why display unease and such a morbid reaction if no threat exists, because, after all, the "consolidation" of a partner is supposed even to intensify the attractiveness of partnership, isn't it? Finally, in Russian objections one hears with increasing frequency the thesis that the factors that are unacceptable are only the rapid rates of NATO expansion and the simultaneous acceptance of several East European states into the alliance. It turns out that if NATO accepts countries at the rate of one country no less frequently that once every two years, then that will not evoke Moscow objections. So what is the Russian Federation opposed to: is it opposed to the expansion of the bloc as such, or to the excessively headlong rates of that process? Different answers to that question presuppose a different policy.

It has been only in the most recent days, after the adoption of the well-known communique of the session of the NATO Council, that the truth suddenly "dawned" on Moscow: it turns out that NATO still threatens Russia, and its expansion intensifies that threat. But if this structure is hostile to Russia, then what is to be done with the partnership? Is it possible simultaneously to be both a partner and an opponent? Russian policy would seem to be ready to answer that question in the affirmative. Otherwise, how can one understand the hint contained in the interview given by President Yeltsin to Russian television companies in late 1994 that Moscow is considering the possibility of forming its relations with NATO according to a scheme that in certain respects resembles France's position in that bloc: membership or some other form of participation in the alliance's political organization and nonparticipation in the activities of its military agencies, plus its own independent nuclear deterrence arsenal. But is it possible to be a partner for one part of NATO and a potential opponent for another? One must admit that Russia's initial statement to the effect that it has no objection to the intention of Poland, the Czech Republic, Slovakia, and Hungary to enter NATO was, to a greater degree, coordinated with the previously declared strategic goal of partnership with the North Atlantic alliance, and made Russian policy sufficiently logical and understandable.

Something that proved to be even worse that the contradictory nature of the Russian position was the tactic of actions that was selected in order to prevent the entry of the East Europeans into NATO. Beginning with the well-known letter of B. N. Yeltsin, which caused a lot of commotion in the European capitals in the autumn of 1993, in which the initial Russian position of a neutral attitude toward NATO expansion was turned around by 180 degrees, and ending with the Russian president's tough statements at the CSCE meeting in Budapest, Moscow's decisive opposition to the East Europeans' intentions to enter NATO could not be perceived other than as political *diktat*, as an attempt by Moscow to reacquire special rights and to monitor the foreign and defense policy of its former OVD [Warsaw Pact] allies. The arrogant and even insulting statements by the highest Russian officials that ensued, to the effect that "certain countries are confusing" membership in NATO with a Western credit card, obviously did not intensify the receptivity of the "Visegrad Group" to Russia's anxieties.

The inadequate interest of Russian policy to the problem of NATO expansion and the attempt to exert the customary effect on Warsaw, Prague, Bratislava, and Budapest by the use of methods of political pressure pushed into the background all the other Russian foreign-policy priorities, the most important one of which was, and continues to be, the maintaining of nonhostile and, preferably, friendly relations with its East European neighbors.

What became the main reason for the inconsistency and contradictory nature of Russia's policy with respect to NATO was the incorrect choice of strategic goals and the incorrect placement of emphases when forming its approach both to the developing of relations with that bloc under the new historical conditions, and toward the problem of the bloc's expansion by including the countries of Central and Eastern Europe. During the consideration of the prospects for the further evolution of relations between Russia and NATO after the end of the Cold War, for some reason a question that was definitely not of primary importance became the object of the sharpest polemics — the question of the parameters of cooperation that would be fitting for Moscow's nuclear greatness, and the essence of Russia's partnership with NATO. That manifested itself with special clarity in the course of the discussion that developed in early 1994 concerning the desirability of Russia's annexation to the "Partnership On Behalf of Peace" program. One question, which was essentially a technical one, was discussed with the greatest intensity and political heat: is it proper for Russia to sign a common protocol with all the countries, or does Russia's great-power status require a special, separate document that sets Russia apart and that consolidates for it some kind of special status?

At such time practically no consideration was taken of a question that was much more important for the further development of relations with NATO — the question of whether, under the new historical conditions, the military threat to Russia on the part of the bloc still exists. If that threat does exist, then what are its concrete parameters, what is the degree of intensity, and what are the Russian possibilities of effectively containing it or, if necessary, neutralizing it? What can be done realistically in order, by diplomatic means, to achieve a reduction in the scope of that threat? However, with practically no discussion, the conclusion was made that NATO is not a potential military opponent of Russia (that was definitively consolidated by the new military Russian doctrine), and the strategic goal of partnership with the North Atlantic alliance was proclaimed.

In the short-term prospect this conclusion — in the sense of the assumption that, for the time being, NATO has no aggressive intentions with respect to Russia — is obviously correct. However, the very scope and combat potential of the alliance's military machine, and primarily its air grouping, and the fact that the bloc members continue to have nuclear weapons cannot fail to create a potential threat to Russia's security. If, for the time being, the weapons that exist in large quantities have not been turned against Russia, this does not mean that, if there is a change in the foreign-political circumstances, they will not be used against Russia. Obviously, Russia, with its still considerable military might and political instability, also represents a potential threat to the NATO countries. However, today that organization, with the high degree of the combat readiness of its armed forces, is creating a larger potential military threat to Russia than vice versa. It is precisely this situation that forces Russia to expend a much greater amount of money for defense than would be necessary if NATO actually were a friendly partner.

The lack of desire or lack of ability to recognize the continuing potential military threat to Russia on the part of NATO became a major miscalculation that predetermined all the subsequent mistakes of Russian policy.

Instead of making the problem of security the main one in the relations between Russia and NATO and defining as a very important strategic goal of its policy the concrete reduction of the potential military threat on the part of the bloc, Moscow gave itself the more global and therefore hard-to-fulfill task of the headlong achievement of a qualitatively new state of relations with it — partnership. Instead of conducting a discussion that was customary and completely understandable for the NATO members concerning Russia's anxieties in the area of security, indicating the strategic situation that had fundamentally changed after the collapse of the Warsaw Pact and the USSR and the military balance of powers that was developing in Europe in a manner that was extremely unfavorable for Russia, Moscow discussed such high matters as the inadmissibility of a new splitting of Europe and the isolation of Russia, the creation of an all-European system of security, etc. Instead of proposing that NATO engage in further reductions of arms in Europe that would make it possible to eliminate the military disbalances that had not been foreseen by the CSCE treaty and, as a result, arriving at a new, more stable, and lower level of the military equilibrium in Europe, Russia continued to insist of the making of amendments to that treaty(threatening to violate it) in order to deploy additionally in Leningrad and North Caucasus military districts 400 (sic!) tanks. (Isn't this an example of the lack of strategic vision?) Finally, having erroneously made the content of the cooperation and partnership programs the chief problem in the relations between Russia and NATO, Moscow began to insist on creating a special mechanism for consultations with the alliance with regard to problems of European security, hoping in this manner to achieve certain opportunities for influencing the content of the decisions being made by it. Upon encountering the fierce resistance of its members, who justly assumed that a state that is not a participant in NATO does not have the right to block decisions being made by the alliance, Russia was satisfied with a not very significant formula of "no vetoes, and no surprises" and with a nameless, completely unsigned declaration concerning consultations.

It cannot be said that the problem of security in the relations between Russia and NATO was not posed at all and did not arise in the discussion that developed in the Russian Federation. That problem was mentioned most precisely and most decisively in the autumn of 1993 in the well-known report of the Russian Foreign Intelligence Service. However, the unfortunately chosen form of expression of Russia's genuine anxiety, which contained a hint that, in the event of NATO expansion, Moscow might take retaliatory measures of a military nature, and which therefore had the appearance of blackmail, caused a negative reaction in the NATO countries and thus made that attempt counterproductive.

Obviously, the bloc members, and primarily the United States, which dominates in the bloc, bear a considerable share of the responsibility for the lack of desire to take into complete consideration Russia's interests and anxiety when making the decision to expand the bloc. However, Russian policy, by erroneously and narrowly focusing on questions of secondary importance concerning the content of the partnership and NATO's quantitative expansion, could not clearly, decisively, and promptly announce that the North Atlantic alliance was continuing to create a potential military threat to Russia and that its expansion would increase that threat to an unacceptable level. The nature of relations with NATO (and, consequently, the potential threat) has not changed substantially since early 1992, but Moscow's anxiety concerning the future expansion of the bloc did not begin to be felt until mid-1993, and the problem of security did not begin to come to the forefront until autumn of 1994. Time, efforts, and the good will of the partners in the dialogue were spent in resolving problems which were, in essence, peripheral with regard to the basic foreign-political priority —the guaranteeing of the country's security. Finally, the setting of an unrealistic strategic goal — the attainment of rapid partnership with NATO — could not guarantee Russian foreign policy the domestic-policy consensus that was necessary for success, and the failure to achieve the large goal inevitably gave rise to disappointments that were no less large or profound.

The depth of that disappointment and the resultant sense of the hopelessness of the situation in which Russia found itself when confronted by what seems today to be the almost inevitable expansion of NATO, is attested to by the ideas that have appeared in the Russian press concerning the possibility that Moscow might take retaliatory measures of a military nature, including withdrawal from the CSCE and INF treaties and the refusal to ratify the START-II Treaty (NEZAVISIMAYA GAZETA, 7.12.1994), as well as not very comforting forecasts: inasmuch as, most likely, Russia will not succeed in changing anything , but in order not to remain in isolation, it will once again, as has already previously happened, sign what, quite recently, it had refused to sign (NEZAVISIMAYA GAZETA, 9.12.1994).

It would seem that the capabilities of defending national interests and preventing the substantial intensification of the threat to Russia's security are definitely not exhausted. This, however, will require the setting of new strategic goals and changing the emphases in Russian policy with respect to NATO. As a beginning, it is necessary to refrain from any sharp and poorly thought-out "retaliatory steps" such as withdrawal from existing treaties or the deployment of any additional arms. Today there is no immediate threat of aggression on the part of even an expanded NATO. So far, the threat is potential. In addition, attempts to blackmail the NATO members with the violation of existing agreements are inevitably counterproductive and most likely will yield only the reverse result. Threats to deploy additional nuclear missiles evoked trust during the days of Brezhnev and Andropov (although even then they did not yield the desired result), but today they appear to be unconvincing, taking into consideration the fact that Russia scarcely has sufficient economic capabilities to achieve the levels of strategic nuclear arms that were stipulated by the START-II Treaty. It is specifically for this reason that the treaty should be ratified. (Which can be done since this is rejecting the initiative that is being intensively promoted by Moscow and that is still encountering a restrained attitude on the part of Washington —the initiative concerning further reductions of the strategic nuclear forces of both sides.) But the most important thing is to avoid the temptations, by means of the taking of hasty retaliatory measures, to slide into a political and military confrontation with NATO and with the West as a whole, which confrontation does not correspond to Russia's national interests. It is also time to stop blackmailing the West with the weakness of Russian democracy and threats that the opposition may come to power in Moscow. It is equally necessary to reject the attempts, which proved to be fruitless as long ago as the days of the USSR, to use declarations to achieve the dissolution of NATO. Despite the existence in the bloc of serious problems that actually threaten its unity, the further existence of that organization will depend not upon incantations emanating from Moscow, "Vanish, you evil force!", but upon the degree to which that organization conforms to the national interests of the countries that are included in it.

It is necessary to reject the unrealistic goal of achieving any rapid or completely equal partnership with NATO. Partnership cannot be declared by signing a protocol that is not very binding. Genuine partnership forms as a result of a prolonged and complicated process of interaction in areas where interests coincide and intersect. This process does not have to be forced by the adoption of predetermined programs for expanded cooperation. That which was not signed in Brussels should remain unsigned for the time being. The partnership between Russia and NATO may form in the remote future, or it may not happen at all. The promotion of partnership as the strategic goal in Russia's relations with NATO gives rise to expectations that are too high, expectations that are practically impossible to justify in the short term. What is needed is another, more pragmatic goal that is closer to the ground and understandable by everyone, a goal the prospects for achieving which lend themselves to realistic evaluation. Finally, it is time to stop the attempts to exert pressure on the countries of the "Visegrad Group," which are leading only to the worsening of relations with them and which prevent the beginning of any constructive dialogue on problems of security.

What must become the new strategic goal of Russian policy with respect to NATO is the reduction of the potential military threat that is created by the armed forces of the bloc members. For this purpose it is necessary first of all to recognize that this threat does exist, and then, with complete substantiation, pose before NATO the question of Russia's security, in order to begin to strive for a reduction of the concrete, most troubling parameters of that threat. This posing of the question will be more understandable and more acceptable for NATO than the attempts to exert an influence on the alliance's decisions. In the context of the discussion of the parameters of the reciprocal threat, it will be easier for NATO to recognize and to meet halfway Russia's objective anxieties in the area of security than to agree with its right to hamper the carrying out of the bloc's decisions. Finally, the new strategic goal of Russian policy will be able to receive the domestic-policy support that is so necessary in Russia itself. Actually, which of the political forces will state that it is opposed to the task of reducing the threat to the country's security and of strengthening that security?

Inasmuch as the potential military threat is reciprocal for NATO and Russia, there ought to be a manifestation of the readiness to take into consideration and discuss the anxieties that the countries in the bloc have. All this attests to the necessity to propose to NATO the idea of concluding a special agreement in the area of security and arms monitoring which would stipulate further reductions in the levels of arms and armed forces in Europe and which would thus eliminate the military disbalances that have arisen as a result of the collapse of the USSR and the entry into NATO of the former Warsaw Pact allies of the USSR. Actually, there must be a discussion of the replacement of the CSCE Treaty by a new agreement that more adequately reflects the present-day realities in Europe. Something that must become a strategic compromise that lies at the basis of the new treaty is the further reciprocal and balanced (but not necessarily symmetrical) quantitative reduction of the arms in Russia and NATO, with the rejection of the principle of zonal limitations that is established by the CSCE Treaty.

The optimal form of such an agreement would seem to be the treaty of security between Russia and NATO that was proposed a year ago by Z. Brezinski. It would seem that that treaty must include two basic elements: pledges concerning nonaggression and measures for limiting arms and creating trust in the military area, which confirm the reciprocal lack of any aggressive intentions and guarantee the impossibility of a sudden attack. A security treaty possessing the force of a pledge in international law would introduce long-term definiteness into the relations between Russia and NATO. It will not establish any special relations between Russia and the North Atlantic alliance. That would enable Russia not to subject to risk its national interests in other regions of the world. By focusing attention on the problem of security, the treaty would provide the opportunity to establish a smoothly operating mechanism for regular consultations between Russia and NATO, without creating the impression that Russia thus is acquiring the right to veto the alliance's decisions.

A security treaty could establish the reciprocal recognition of the objective fact that the relations between Russia and NATO are continuing to remain essentially relations of "reciprocal deterrence," although at a level of military confrontation that is considerably lower than during the Cold War period. The present condition of relations between Russia and NATO could be called figuratively "weakened deterrence," inasmuch as both sides are oriented toward the existence of a rather prolonged period of early warning concerning the intensification of the potential opponent's aggressive intentions. "Weakened deterrence," which requires relatively low levels of combat readiness and the size of deployed troop groupings, corresponds to the interests both of Russia and of NATO. Deterrence does not necessarily mean confrontation. It does not hamper cooperation in the areas of mutual interest. Deterrence represents only a more realistic, stable, and very familiar paradigm for relations than declared and immature partnership. The evolution of nonconfrontational deterrence in the direction of truly equal partnership is possible and can be even desirable. However, it is necessary to evaluate realistically the great duration and contradictory nature of that process, which are influenced by the still considerable potential of mutual distrust and hostility that have been inherited since the days of the Cold War.

The NATO countries must also understand that the new controllable arms reduction in Europe and the preservation of "weakened deterrence" at considerably less destabilizing levels of armament are better than uncontrollable confrontation with Russia and the transition to "strained deterrence." Finally, something that could become much more effective macroassistance of the West to Russian democracy than the granting of definitely not free credit and of advisors is the weakening of the real pressure upon Russia's security on the part of the abundant NATO military machine: that would enable it to reduce the military expenses that lie as an excessive burden on the Russian budget.

At the CSCE summit meeting in Budapest, Russia proposed guaranteeing European security by means of the concluding among the participating states of a closely intertwined network of bilateral agreements of security and goodneighborly relations. If one removes from that idea the film of globalism "a la new thought process," then it is completely possible to detect the suitability of that idea for guaranteeing the interests of Russia's security in relations with its East European neighbors who have already lifted one foot to enter NATO, and also with the Baltic states. It is possible to attempt to conclude with those countries bilateral agreements in the area of security that stipulate, for example, guarantees that certain of the most destabilizing types of arms (in particular nuclear ones) will not be deployed on their territory, as well as the maximum admissible sizes of the groupings of forces in direct proximity to the borders with Russia and other CIS states (it proved to be possible at one time to obtain similar pledges from Germany). In general, it would appear that the time has come to talk less about all-European security (which has remained unattainable for a half-century), and more about Russian security. It is necessary to guarantee Russia's security even when the attempts to achieve all-European security end, as has happened before, in nothing.

## *Limitations on OSCE's Peacekeeping Possibilities Viewed

*954Q0215A Moscow SEGODNYA in Russian*
*2 Jun 95 p 9*

[Commentary by Pavel Podlesnyy under "Security" rubric: "OSCE and Russia: Is This Organization the KInd of Ideal Mechanism for European Security That It Sometimes Appears To Be?"]

[FBIS Translated Text] As you know, the summit meeting of leaders of the countries participating in the CSCE that was held in Budapest in December 1994 made the decision to rename this forum Organization for Security and Cooperation in Europe—OSCE. They thereby expressed the general striving to strengthen the CSCE, giving it more weight and stability. In the Budapest decisions, much was said about the need to increase the potential of the OSCE in the area of preventive diplomacy and joint efforts of states in the settlement of crises and peaceful resolution of disputes. In addition, a decision was made on the possible dispatching of multinational peacekeeping forces of the OSCE to Nagornyy Karabakh.

At the same time, there were and are serious differences among the European states in their understanding of the role of the OSCE and its place among the existing structures for security in Europe. The Russian side still considers the optimum version to be the establishment of a system for collective security on the continent on the basis of the OSCE. Many Western politicians, especially American politicians, would like to see the North Atlantic alliance as the core of the new security system. As Richard Holbrook, U.S. deputy secretary of state for European and Canadian affairs, emphasized: "Under no circumstances can the OSCE replace NATO or the EU. In no event must the OSCE become 'senior in rank' with respect to NATO. The functions of these two organizations are quite different and must remain so." Some West European experts think that a lasting security system for all Europe can be established through the evolutionary development of the existing structures of NATO, EU, WEU [West European Union], and OSCE, although the supporters of this view have no clear answer to how this can be implemented, especially since they are getting a lot of pressure from the Americans, who want to maintain control not only of the situation in NATO but also of the process of military and political integration in the scope of the WEU.

At the same time, there are rather many intelligent people in the West who have recognized the benefit of the OSCE as an instrument to diminish the role and influence of Russia in the near abroad, including in the process of the carrying out of peacekeeping operations. Missions of the OSCE and the actions of the high commissioner of the OSCE for the affairs of national minorities have this purpose. In the territory of the former USSR, such missions have been deployed in Georgia, Moldova, Tajikistan, Estonia, Latvia, and Ukraine. It is typical that the high commissioner visited Ukraine, including Crimea and Donetsk, four times in 1994 and this year. And each time he has stressed the preservation of the territorial integrity of Ukraine. The inferred violator is obvious, although Russia has not done anything—at least at the level of executive authority—that would give cause to reprove it for infringing on the territorial integrity of the neighboring state.

This certainly does not mean a denial of the utility of the missions of the OSCE, including in the protection of the rights of national minorities, or of the possibility of their contributing to the establishment of democratic institutes in the new states. It is simply necessary to see the entire range of the consequences of their actions and the frequent one-sidedness of their approach. In particular, the conclusion of the mission to Estonia that "no systematic violations of human rights" have been uncovered there differs sharply from the position of Russian authorities.

It will not be an exaggeration to say, however, that to a considerable degree both the prospects for the OSCE to become a structure capable of carrying out peacekeeping operations and the elaboration of models for its interaction with Russia will depend upon whether the organization is able to make a real contribution to the settlement of the conflicts in Nagornyy Karabakh and Chechnya.

As for the conflict in Chechnya, the OSCE did not risk putting into effect the so-called "Moscow mechanism of the human dimension" under which six states may come out with an initiative to send a mission to the zone of a conflict, even against the opinion of Russia in the case at hand. But the OSCE did condemn violations of human rights and the many casualities among the peaceful population. In so doing, the leading bodies of the OSCE relied on the corresponding provisions of the "Code of Behavior With Respect to Military and Political Aspects of Security" adopted at the Budapest summit, that is, the use of armed forces to guarantee internal security must be commensurate with the need for coercive actions and also must not result in harm to civilians or to their property. Ultimately it amounted to the establishment of a so-called "assistance group" in Groznyy.

Russia could not refuse the services of the OSCE without risking even greater international isolation and the thorough undermining of confidence in its own initiatives to convert the OSCE into the head organization for European security. In accordance with the agreement that was achieved, the mandate of the "assistance group" is to accelerate the delivery of humanitarian aid, to help restore constitutional order and establish democratic institutes in the Chechnya Republic, to provide aid to federal and local authorities in the protection of human rights, to contribute to the preparation and holding of free and honest elections when the conditions are ripe for this, and to help in the development of a formula for negotiations for the purpose of achieving a political settlement.

But this kind of precedent can hardly be considered the norm for such a large state as Russia. It evokes discord among politicians and military people and produces doubts about the ability of the Russian state to guarantee the rights and security of its citizens and the territorial integrity of the country. For this reason, this can be seen only as a temporary and forced action, especially since the first attempts to carry out negotiations with the mediation of the group ended in failure.

No less complex is the situation with respect to the organization of the first peacekeeping operation in the entire 20-year history of the CSCE/OSCE—in Nagornyy Karabakh. We remember that the proposal that Russia made last year to send its separating forces to the zone of the conflict to consolidate the agreement on a ceasefire reached through its mediation was blocked under the pressure of the United States, Turkey, and other states. The opponents of the Russian initiative feared a strengthening of the positions and authority of Russia in the Caucasus region, which, in turn, is "fraught" with the gaining of preferential access to oil fields. Naturally these motives are still important today.

But the CSCE itself turned out to be incapable even of organizing an initial "monitoring mission," in which it was proposed to include 600 unarmed people, not to mention a multinational military contingent of 3,300. The delay in the resolution of questions having to do with the size and other parameters of the multinational forces, their command, and logistic support continues to this day. Differences have not been overcome among the participants in the conflict in Nagornyy Karabakh on questions involved in the elaboration of a comprehensive political agreement for the settlement of the conflict. In other words, it is quite possible that the preparations for the operation will break down, which will seriously damage the OSCE.

Finally, one cannot fail to raise the question of improving the effectiveness of the OSCE with the help of the establishment in its framework of a kind of security council of the UN type. Here it is necessary to have a clear idea of what is meant. It is one thing if this means that the composition of such a council would be analogous to that of the contact group for Bosnia. If it means the inclusion of a number of regional states that some Western politicians see as a counterweight to Russia, then the latter needs to give a lot of thought to this version before agreeing to it. The present political mosaic of Europe is too diverse to rely only on the OSCE. Russia, of course, should continue the course of doing all that it can to strengthen this organization, including in the peacekeeping area, while understanding the limited prospects for cooperation in this area.

## *Importance of German-Russian Ties to European Security Stressed

*954Q0203A Moscow SEGODNYA in Russian 19 May 95 p 9*

[Article by Igor Maksimychev, Russian Academy of Sciences Institute of Europe, under "Opinion" rubric: "Worst for Europe When Both Russia and Germany Subject to Discrimination: But Even When Only One of These Countries Shunned, It Is Dangerous for Entire Continent"]

[FBIS Translated Text] [Boxed item] Half a century ago, the sounds of the last volleys of the Second World War, which became the Great Fatherland War for the people of the Soviet Union, died out. The past 50 years have been witness to an unbreakable bond—for better or worse—between the Russians and the Germans, the fundamental antagonists in this, the greatest military catastrophe in history. To be more exact it is a nearly unbreakable bond, since five years ago the Russians decided not to stand in the way of the East Germans' unification with the West, and soon a year will have passed since they, peacefully and honorably, withdrew their last soldier from German soil.[End box]

As the last Soviet and the first Russian envoy in Berlin, as one with over 30 years' worth of practical experience in achieving mutual understanding with all the Germans in any political weather, as a person whose inner convictions force him to be the connecting link between public opinion in both countries, I would like to hope that I will be able to facilitate bringing Russians' and Germans' images closer together about what they should do (and should not do) to prevent repetition of the catastrophes and failures of the past.

Of course, 10 theses would not exhaust the immensity of the Russian-German theme, but it is important to establish a baseline without delay; waiting any longer would be risky.

1. Russian-German relations in the past were far from being merely a conglomeration of wars, dissension and competition, as people sometimes think. Up until the beginning of the 20th century, entirely normal relations dominated, which, at the time of the Napoleonic Wars at the beginning of the last century and during the following decades, became allied relations. Economic cooperation was truly complementary and intensive. Naturalized German emigrants to Russia made an important contribution to improving the state machine and the army, to developing the economy, and to a farming approach to agriculture. The educated strata of German society could not imagine their existence without Russian culture, and the sinister break took place only with the First World War.

**Russian-German friendship and cooperation does not need to be invented today. The strength and solidarity of ties between Russia and Germany have always been well accompanied by European stability.**

2. The consequences of the First World War were most catastrophic for Germany and for Russia. One of the main flaws in the Versailles system was the fact that both Germany and (Soviet) Russia were subjected to discrimination. As a result, both of them, first secretly then openly, entered into an understanding against the rest of Europe.

**Bringing Germany and Russia into continental affairs on an equal rights basis serves the vital interests of all Europeans. The worst case is when both countries are subject to discrimination at the same time. Even when only one of them is shunned, it is dangerous for the continent's commonwealth of states.**

3. The Yalta-Potsdam system, which determined the European world order after the Second World War, was built upon neutralizing Germany's potential. For this reason alone, it could not exist forever, although from the very beginning the "normal" war for a balance of power on the continent was complicated and brought to a white heat by ideological confrontation and the accumulation of nuclear weapons. Very quickly, the matter reached the point of a schism in the world, Europe, Germany. Universal catastrophe seemed unavoidable. It was to M. S. Gorbachev's credit that movement away from the edge of the nuclear abyss did not begin too late. Based on this, it is ridiculous to form the conclusion that the West "won" and that Russia "lost" the "Cold War." It had all the marks of a classic stalemate, and intelligent people on both sides of the watershed line ended the hopeless game. The collapse of the USSR had almost no consequential connection with this action, which was the salvation for everyone.

**Russia is right in expecting, if nothing more, polite gratitude from the prosperous part of the world, which, largely due to Moscow's unilateral decisions, now has an opportunity to engage in its profitable business without fear that the gates of a nuclear hell will open.**

4. The second unification of Germany has proven that Konrad Adenauer, who, after the fall of the Third Reich, for a time preferred Germany's dual statehood as a lesser evil, was correct in the final reckoning. We must not forget, however, that to a lesser degree Willi Brandt and Walter Sheel, as the authors and implementers of the FRG's "new Eastern policy," deserve notice for their part in resolving the Germans' national problem. While Adenauer began the normalization of relations with Moscow, Brandt and Sheel made it possible for political circles and the populace of the giant in Europe's East to cease perceiving the FRG as their mortal enemy. In fact, this became a decisive factor in the critical months of 1989-1990. We should also not strike from the accounts or diminish the positive role played by the GDR in restoring normal relations between Germans and Russians, as well as many other East Europeans.

**German unity became possible because all the neighbors of the German states—in the West and in the East—no longer opposed them as potential enemies. Today, the united Germany faces the task of putting together its positive heritage from both parts. Because Germany forms the center of the continent, realization of this task is vitally important for Europe as a whole.**

5. It would be mistaken to assume that after the unification of Germany and the disappearance of the GDR, no obstacles remain to the development of Russian-German friendship. The memory of the horrors and crimes of war, old wounds and insults, and personal misfortunes and offenses are all still alive for people of the older generation and in one way or another this is passed on to the young people. It would seem that while the situation is not as difficult as it once was between the Germans and the French, who considered each other hereditary enemies, there is not such a large difference. At the same time, the striking change for the better in French-German relations that took place after the Second World War serves as a convincing example of how old scores against each other can be overcome.

**After the Germans of the FRG reconcile with the peoples of the West, they must reconcile with the people of the East, most importantly, the Russian people. The lack of action taken in this sphere has continued for too long.**

6. After the dismantling of the Yalta-Potsdam system, the architects of the new world order were unable to lay a solid base for a European security organization that would replace the splits that are now receding into the past, although during that period it was still possible to depend upon the powerful energy of the process of German unification for the building of a Great Europe. Neither Francois Mitterrand's majestic idea of a European confederation or James Baker's grandiose plan for the creation of a commonwealth of democratic nations of the Northern Hemisphere, from Vancouver to Vladivostok, were implemented, even a little. The kindhearted wishes of the Paris Charter of 1990 also remained nothing more than good intentions. The complications threatening all of us as a result of NATO's planned expansion to the East spring from the very lack of a framework for the construction of continental security which we could have and should have begun building then.

**The future fate of our continent depends on whether or not we are successful in beginning construction on a Great Europe. Because "Great NATO" cannot replace an all-European security system, from Dublin to Vladivostok, its expansion should be delayed until a base can be created for a European peace organization that would include Russia, as well, on an equal footing. As Europe's center, Germany would be called upon to play the leading role here.**

7. It is extraordinarily important that all the interested parties be aware that after German unification and the disintegration of the Soviet Union, the situation in the world as a whole and in Europe, specifically, has undergone fundamental changes. Naturally, most of them have to do with Russia, which is entering the international arena independently after 75 years of symbolic existence as a part of the USSR, and with Germany, which is again becoming a central factor in European politics after 45 years of absence and bifurcation.

Germany's clear and energetic policy, which is unambiguously oriented toward a Great Europe, would receive active support, not just from Russia but from far-sighted politicians in the West, as well.

**A Great Europe remains the sole alternative to relapses into bad memories of the past. In this context, trusting cooperation between Germans and Russians could become a decisive factor which, at the same time, would not infringe upon the interests of the other participants in the process.**

8. With its policy of restructuring, the Soviet Union evoked friendly feelings among both West and East Germans, and it seemed that from then on, bilateral relations would be cloudless.

Reality was not that rosy. The experience of the various entrances of Russian troops into Berlin in August, 1994, left a deep mark on many Russians. The dispute over the ownership of pieces of art taken out of Germany after the war continues. In the German mass media, campaigns with an anti-Russian slant tumble out one after the other. The Russian press responds nervously to displays of activity by extreme rightist elements in Germany.

**The public in both countries should make itself understand that a Russian-German partnership, without which Europe has no future, can only exist in an atmosphere of mutual respect and tolerance. Russia must become for Germany the France of the European East.**

9. The widely believed view that Russia is too large, too powerful, too diverse for Europe does not bear criticism. If one takes population size, then over two times fewer people live in Russia than in the integrated part of Europe: 160 million versus 370 million people. Regarding economic power, the era of the second superpower has passed: if in 1987 the Soviet Union surpassed FRG in production of gross product by approximately two times, then in 1993, Russia was three times lower than the united Germany according to that indicator; after all, one must compare it not just with the FRG but with the entire European Community. Diversity among Russians is not much greater than for any other great European nation.

The new Russia has adopted a strategy of joining the world community most of all through general European cooperation and continental integration. This decision has no connection with any specific political figures or governments. It depends upon support from the population because it responds to self-identification by Russians, who make up 82 percent of the population of the Russian Federation, as a part of the European super-civilization, based on the historical experience of Russians, and expresses the ideas that they hold in common with other Europeans about how the world should look tomorrow.

**In the West, the natural laws of the post-confrontational world are perhaps finding the greatest understanding in Germany. If Germany has been fated to fulfill its historic destiny as the center of an integrated Great Europe, it should become Russia's European anchor.**

10. Russian society is experiencing a complex period of adaptation to a world where Russia's role is intrinsically

different from that played by the USSR. Russians often look upon what has happened to them over the past five years as the fee for entering the community of European democracies.

The delay in "including" Russia in the circle of "honorable Europeans" is occurring for reasons that remain incomprehensible for Russians.

**In Germany, better than anywhere else, people understand the risk that this entails. It was here that the thesis stating the necessity of an immediate appearance of a European community from the Atlantic to the Pacific oceans was first formulated. However, the idea is not backed by effective work. In 1993, German capital investment in Russia reached the microscopic sum of 30 million marks, while, for example, its investment in Hungary for the same year was equal to 700 million marks. Germany's strategy for Russia still remains to be developed, in all of its component parts: economic, political, cultural. It would be extremely desirable if that process went forth in contact with the most influential political forces of today's Russia.**

### *Krylov States Position on Austrian Neutrality

*954Q0202A Moscow SEGODNYA in Russian 19 May 95 p 9*

[Article by Sergey Krylov, Russian deputy minister of foreign affairs, with commentary by Vladimir Abarinov, under "Ex officio" rubric: "State Treaty and Neutrality: Russia Intends To Develop Relations With Austria on Legal Basis"]

[FBIS Translated Text] **We have already reported on the complex collision that has developed in Russian-Austrian relations in connection with Moscow's insistent attempts to include references to the 1956 State Agreement in the new, bilateral document (see 10 March issue). Things got to the point where it became necessary for Boris Yeltsin, saying that he was "extraordinarily busy," to cancel his trip to Vienna to participate in the festivities celebrating the 50th anniversary of the Second Austrian Republic. This week, 40 years will have passed since the signing of the Austrian State Treaty. Sergey Krylov, Russian deputy minister of foreign affairs, is using this occasion to acquaint the public with Moscow's official position on one of the most delicate issues that Russian diplomacy has had to deal with recently.**

**The material has been prepared especially for SEGODNYA by the Novosti RIA [Russian Information Agency].**

In the history of each state there are dates, from which it is possible to draw a record of its political formation and development. For Austria, 15 May 1955 is such a date. On that day, representatives of the Soviet Union, the United States, Great Britain, France, and Austria walked out onto the balcony of the great Belvedere Castle in Vienna and solemnly announced the signing of the State Treaty Restoring an Independent and Democratic Austria. Thousands of Austrians, filling the park in front of the Belvedere, met this news and the words of Leopold Figel, their minister of foreign affairs, with a thunder of applause: "Austria is free!" In honor of this event, the first time it raised its curtain after the war and under the arches of the Vienna opera, one could hear the overture of Beethoven's "Fidelio." Vienna rejoiced. B. Krayskiy called the signing of the treaty the greatest day in Austria's post-war history, the first serious step toward releasing the tension between East and West.

Since then, Austria's political and economic independence has been ensured in the international legal order, a reliable base for its new role on the European continent has been laid, and there have been repeated assurances that Austria cannot exist alone, that there is no Austrian nation "anywhere in the world."

The last four decades convincingly confirm how insightful and wise was the conclusion of this basic international legal document and what a favorable effect it has had on the fate of the Austrian state and on the post-war order in Europe. On the solid base of the State Agreement and a policy of constant neutrality, Austria has protected itself from participating in an expensive arms race, and it has maintained its high international authority and dynamic development in its economy, science, culture, education, and a far-flung network of social guarantees. After all, it is no coincidence that they call the Austrian shilling the Alpine dollar, while the system of social partnership practiced in Austria is a subject of study and not just by Europeans.

Today, at a time when circumstances in the world have undergone cardinal changes, it is obvious that the text of the state treaty is not free from the "handwriting of time." After all, in 1955 different political and technical laws and regulations were in use and different "insurance" was used against potential threats and hostilities, which are substantially different in character from today's. The "cold war" was at its peak. The appropriate conclusions were drawn from this, and in November 1990, after an exchange of opinions with the governments of the United States, Great Britain, and France, the Soviet side announced that it had no objections to the interpretation that the outdated military articles (12-16) of the treaty had lost their practical significance. Precedent for "modernizing" the treaty, as we can see, already exists. Russia, as a state—the legal successor of the former Soviet Union—is prepared henceforth to approach this issue in a constructive manner. It is impossible not to see the main issue: the basic statutes of the State Treaty retain their vitality and importance even now, on the threshold of the third millennium. In this sense, a certain analogy can be drawn with the UN Charter. Some articles of the charter also contain archaic wording, but the document continues to have enormous significance both for the future of the organization itself and for the state of the world.

The State Treaty created the political base for forming amicable Russian-Austrian relations, the development of which has been extremely dynamic for all these years. The scope of bilateral cooperation has broadened dramatically, at present encompassing practically all spheres of our countries' public, political, and economic life. All of this has led to the idea of composing a bilateral political document that would include the entire range of what has been achieved in the past but would be oriented toward the future. Obviously, it would be correct in the document, as the say, to put in a good word for the State Treaty as well. This would symbolize continuity in the approaches of Moscow and Vienna toward cooperation between the two countries and would be a kind of mandate to future generations to preserve and increase the invaluable capital of trust and mutual understanding that we have worked for over past decades, for which the State Treaty is due no small part of our gratitude.

**So, Moscow would like to at least "put in a good word" for the State Treaty in the new political document, however, Vienna decisively refuses. Why? It is typical that Sergey Krylov's article reserved a significant place for Austrian neutrality, although there is no such concept in the text of the State Treaty; it was formulated and pronounced as a fundamental principle of the Austrian Republic in the form of a 26 October 1955 federal constitutional law. The crux of the matter, however, was that the Soviet Union agreed to sign the State Treaty and, consequently, to withdraw its occupying troops only after it had been granted guarantees that there would be no second annexation and a commitment not to join military blocs. The diplomatic practice of the following decades was such that reference to the State Treaty would at the same time signify a reference to the law on neutrality. In any case, this is how the Soviet Union acted in blocking Austria's entrance into the European Community.**

**At the same time, federal law says that Austria declared its neutrality voluntarily—in other words, that its neutrality is not guaranteed by any foreign power. Moscow's insistence has led only to the fact that Austria, to this day, has not recognized the Russian Federation's lawful succession and, consequently, does not consider it a signatory state in the State Treaty.**

**In the post-war, European bloc, the Europe of Yalta and Potsdam, where the fates of small countries were determined entirely by the great powers, the fate Austria received from the treaty was not bad. Today, it is a glaring anachronism, giving rise to the worst associations for Europeans. Austria is no longer neutral: not only has it joined the EC; it has also entered into partner relations with NATO. This is the political reality, which we cannot ignore.**

## Duma Committee Head Views National Security

*954Q0229A Moscow PRAVDA ROSSII in Russian*
*22 Jun 95 pp 2-3*

[Commentary by Viktor Ilyukhin, chairman of the Security Committee of the State Duma: "Can the Country Get Off of Its Knees"]

[FBIS Translated Text] **Today, just as many years, the security of Russia depends to a significant degree on the geopolitical space in which our country finds itself. The formation of new indepedendent states out of the former union republics has doubtless made Russia more vulnerable now. In the northwest, we have returned to the borders that we had at the start of the Livov War. Moscow Military District has become a border district and the flying time of missiles from the direction of the Baltic states is three to four minutes. One must pay heed the fact that the Baltic countries are making an effort to join NATO. And it may happen that military bases of the North Atlantic bloc will be located there. As you know, the intelligence services of the United States and Germany are actively establishing branches in Latvia, Lithuania, and Estonia whose interests are directed toward Russia.**

After the disintegration of the USSR, unfortunately, Russia consciously abandoned a number of foreign policy postulates that are historically justified and advantageous for it and also traditional spheres of influence, which doubtless worsened and in the future will continue to complicate the country's situation. We sometimes forget that there can be no vacuums in the international sphere.

Here is a typical example. After consenting to the withdrawal of troops from Germany and to the unification of the FRG and GDR, the Russian leadership did not raise the issue and did not demand Germany's exit from NATO. And they did not even sign a peace treaty with it and did not demand the compensation of our investments in the GDR, which amounted to trillions of German marks. By the way, the United States and the FRG were prepared to discuss these matters with us and to make certain concessions in this area.

With the withdrawal of the Russian troops from the Baltic countries, in the West they gradually began to establish legal conditions for the staged destruction of the status of Kaliningrad Oblast as an integral part of Russia. In that same Germany, organizations appeared, public organizations for the time being, that began a movement for the return of Koenigsberg and all of East Prussia.

As specialists note, the breakup of Yugoslavia took place under a scenario written precisely in Germany. It is now drawing Hungary, the Czech Republic, Slovakia, and Poland into its sphere of influence, has directed its capital to Ukraine and the Baltic countries, and is skillfully playing on the conflicts in Russian-Ukrainian relations. It can be said that Germany is successfully advancing the Berlin Wall to the walls of the Kremlin, isolating Russia from its traditional allies.

In the Far East, Japan has undertaken an unprecedented thrust to revise the results of World War II. It is a matter not only of the four islands in the Kurile chain but also of the southern part of Sakhalin.

In our time, for the first time in the entire history of the 20th century, a geopolitical Islamic zone is purposefully being formed from the Adriatic to the Great Wall of China. This idea and its realization belong to Bosnian President Aliya Izetbegovic. Doubtless even the attempt to establish such a zone is in conflict with Russia's interests in the international arena. Over the course of 300 years, Russia drew Central Asian nations into the sphere of its orbit, thereby guaranteeing its security in the south and east. Today there is a major crack in this orbit and it is about to crumble away. This is actively being aided by Turkey, which together with Iran and Afghanistan misses no opportunity to participate in stirring up conflicts in Tajikistan. We are again seeing the idea of the "great Turan," which represents an exceptional danger for Russia. For a significant share of the population of our country is Turkic. Extremist Kemalist organizations in Istanbul have already issued maps where all of the Black Sea region, Crimea, Novorossiya, and Caucasus are colored the same as Turkey and from it force arrows point toward Tatarstan and Bashkiriya.

This is interference in the internal affairs of Russia. It is an attempt to stir up a quarrel between the Orthodox world and Islam, which have long lived together under one Russian roof.

Along with the surge of Islam as a factor in the development of world history, there is also a revival of Catholicism. After the destructive division of the triune Orthodox core of Russians, Ukrainians, and Belarussians, the Uniate in Ukraine declared itself the sole church of the Ukrainian renewal. It literally is destroying the universal Russian world view. The banners of Galician crusaders have been raised once again. They are propagating the idea of a supposed racial difference between Ukrainians and Muscovites. Orthodox Ukraine may find itself put into the old ethnic and national clamps, from which it escaped only through the Pereyaslavskaya Rada [Council].

Doubtless the geopolitical interests of Russia and the United States of America play a significant role in the world. The United States fears the appearance of a new world pole in the person of Japan and the states near it. In his report on national security policy last year, Clinton openly declared: "It may be that the cold war is over but there is still a very great need for American leadership abroad."

The problem of Russia's internal national security is extremely serious. Being left without national borders, with an indefinite social and economic order, and with a constitution that was adopted by a minority of the population, the country has become vulnerable in every way. Unfortunately, it must be recognized that Russia has practically lost its Black Sea Fleet as well as traditionally Russian land—Crimea.

As for the Baltic Fleet, it is hardly capable of performing combat operations. The program for the rearmament and improvement of the Strategic Missile Forces and our submarine fleet is stalling. Apparently the people who signed the criminal Belovezhskiye agreements did not think at all about the future of the Russian Armed Forces. As a result, today 13 combined-armed armies and corps, four tank and two strategic missile armies, three antiaircraft armies, and five air armies remain in the former union republics. And they were military subunits equipped with the latest technology. What was left for Russia? Strategic nuclear forces. Yes, they do indeed exist. But if the START-2 Treaty goes into effect, these strategic arms will be cut substantially and the United States will obtain an indisputable advantage.

The situation is also disconsolate in the Ground Forces, in which new systems of missile and artillery armament make up just 30 percent. The personnel strength level is 60-70 percent. Junior officers are leaving the army and their understrength amounted to almost one-fourth of the scheduled number of personnel. And the aviation, strategic, and nuclear forces mostly ended up in Belarus and Ukraine.

The destruction of the army is proceeding simultaneously with the destruction of the military-industrial complex. Many of its facilities have been privatized and broken up. A significant part of the shares of enterprises of the military-industrial complex is going over to foreign investors and various kinds of foreign companies. For example, the Kaluga Turbine Plant is the only enterprise in Russia and the former Soviet Union producing unique equipment for submarines. Today 21 percent of the shares of this plant belong to the west German firm Siemens, a representative of which is on the board of directors.

Is there a possibility of correcting the situation fundamentally? I would like to believe this. But.... Look at the budget figures: annually the United States spends $260-280 billion to maintain its defense capability, France $43-45 billion, and Germany $34 billion, whereas Russia spends just $10-12 billion. We need to spend 10 times as much for our army to be combat ready.

But where can we acquire these funds if our economic potential is being destroyed? The general reduction of industrial production over the time of the so-called reforms has long since passed the 50-percent mark. The decline in machine building and the chemical industry has reached 70-80 percent. Essentially all of agricultural machine building is paralyzed. In terms of the volume of consumption of material goods, Russia has been set back more than 20 years. With a steady increase in the importation of oil, its production is declining by 10-15 percent annually. The drilling of new wells has declined by a factor of five. No new fields are being developed. Essentially we have lost not only the external market but the domestic market as well. In the 1980's, the share of imports in the commodity turnover was 13-15 percent, whereas today it is more than 50 percent. We are also destroying our agricultural-industrial complex with an energy that is worthy of better use.

According to the estimates of domestic and foreign specialists, about 20 percent of all produced oil is taken out of the country illegally every year. A flow of contraband nonferrous metals, timber, and strategic raw materials has poured across the borders. Annually more than $20 billion belonging to Russia settles in foreign banks. At my request the State Duma was forced to turn to the General Procurator's Office with a statement on the need to bring criminal charges in connection with the exportation of our capital to other countries.

We are opening our natural storehouses to foreign firms without control: the largest deposit of gold ore Sukhoy Log in Irkustsk Oblast has been given over to industrial development by an Australian firm. The Timano-Pechorskiy Basin with reserves of 2 billion barrels of oil is being turned over to development by three American and one Norwegian firm. In the second stage of privatization, 70-80 percent of all the shares of Russian enterprises are being bought up by foreign companies and banks or through mediators. If this continues, within two or three years the economy of Russia and its natural resources may be completely under the control of foreign firms and foreign states.

There is a problem that directly affects every citizen of our country. The criminalization of the Russian society has reached alarming levels. According to the Russian Academy of Sciences, back in 1993 more than 50 percent of the capital and more than 80 percent of the voting shares in the country began to go over to criminal and foreign structures and are continuing to do so. Today the criminal world numbers tens of thousands of armed combatants. This is an entire army capable of influencing the the resolution not only of particular local issues but also questions of big politics. The criminal world is trying successfully to penetrate into all structures of state authority.

There were 3 million crimes registered in Russia last year. I think that this figure is much too low. According to some estimates of criminologists, from 10 to 12 million crimes are committed every year in Russia. More than half a million people perish from violence and die an unnatural death. Drug addiction is becoming a more and more accustomed life style in the Russian lands. The income of shadow business from the sale of narcotics reaches 50 to 60 billion rubles annually. About 2 million Russians are already using narcotics today.

Is there a way out of the very profound crisis in which Russia finds itself? I am convinced that the economic and political collapse of the Fatherland is the natural result of an improperly chosen course of reforms and methods for the renewal of Russia and is by no means the consequence of unresolved questions in the past, the opposition of conservative forces, or individual miscalculations of "reformers." More and more people are understanding this and are recognizing the danger of the present adventurist policy.

By inertia many link their positive hopes with the present authority structures and in particular with the State Duma. As a matter of fact, the State Duma attempted to influence the situation in the country by passing some laws aimed at improving the standard of living of the people, the resolution of questions of social justice, and strengthening the fight against crime. But many of our undertakings were not supported either in the Council of the Federation or by the president.

Considering the diminished powers of parliament, I think that the representative bodies of authority will hardly be able to change the overall situation.

The facts presented suggest the unequivocal conclusion: to save the Fatherland, it is urgently necessary to replace the president, government, and legislative authority. First of all, however, it is necessary to replace the flawed constitution. Is there any need to prove that Russia needs the kind of authority that will make the state strong and vigorous, that will make life certain and fair, and that will make the nation free and happy? This is the vitally important objective that the Russians very urgently face today and its realization depends entirely upon the expression of their will.

### *Deputy CIS Cooperation Minister Medvedev Profiled

*954Q0219A Moscow DELOVOY MIR in Russian 10 Jun 95 p 11*

[Article by DELOVOY MIR commentator Vladimir Sudakov, under rubric "People and Ideas": "Duty Is the Art of Loving One's Nation: Thoughts After a Lecture"]

[FBIS Translated Text] **"Persistent. Well-principled. Large-scale. Concrete. In a conversation, defends his position dynamically and in a well-argumented manner. Honest, at times excessively straightforward. Does not bow down to people in high positions. Makes friends with people easily, but is able just as quickly to part with someone if he is convinced of that person's impropriety. Compassionate, suffers because of his own kindness. Is losing faith in the current turn of political events."**

**That is how Boris Khigir, professor and character expert, described the hero of this essay — Nikolay Medvedev, RF deputy minister for cooperation with the CIS states, and president of the Russian Association of the Theory and Simulation of International Relations. I had seen that person, who is in many respects exceptional, in Saransk at a lecture that he was giving to students at the local university. What had caught my interest were not only the lecturer, a convincing and impassioned speaker, but also the topic of his speech, "The Commonwealth of Independent States: Possibility of Confederation (Federation)."**

**Time passed. Still under the impression of what I had heard, I kept returning to Medvedev's personality, kept asking those who shared his views what they thought about him, and even having intermittent chats with Medvedev himself. And with every passing day, I became increasingly convinced that I do not have the right to refrain from telling people about the kind of person that he is.**

#### I'd Like You To Meet: Medvedev

The reader possibly remembers the rising star of Russian political life at the dawn of the 1990's, when Medvedev was elected deputy of the first democratic Russian parliament. People back in Mordvinia were surprised and proud: their deputy had become a member of the Presidium of the Supreme Soviet, chairman of the VS [Supreme Soviet] Commission on National-State Structure and State Relations.

The path to the highest level of state authority had not been an easy one.

Having found himself, by the will of fate, in the experimental track of the Higher Komsomol School, where the bright minds of 75 countries acquired the highest mathematics of political analysis, Medvedev became acquainted with the seditious taste of pluralism. In 1988 he was banned from engaging in postgraduate work, and a year later, as the secretary of the party committee (sic!) of the Saransk Instrument-Building Plant, he was expelled from the party for actions that conflicted with the "general line." In 1990, when he became a member of the Supreme Soviet, his housing was set of fire twice, and in an extremely professional way: a match was thrown on gasoline at 0400 hours, and his telephone line was cut so that he could not call the fire department... And in his third month as deputy chairman in the city soviet, he was called to a session of the presidium of the Supreme Soviet of Mordvinia and was told, "We have reduced your position." It turned out that it was also possible to reduce the person who had been elected... For two whole years he fought one-to-one with the first secretary of the oblast committee, a member of the CPSU Central Committee. And he was not victorious until the colossus' feet of clay began to give way... He ran for president of Mordvinia, but yielded by a small margin to a person whom he himself had nominated, a plant engineer.

I shall not describe my hero's trials and tribulations in any greater detail. I shall say only that, after emerging victorious from the circles of Hell, Medvedev did not disown his past — how can a person cut away a part of his life? — but, rather, he brought to the present day what he had accumulated: his organizational acumen, his ability to concentrate his efforts in the chief area, his ability to mobilize his talents and to lead people. These are qualities that you cannot take away from him, and this also applies, incidentally to those qualities with which I began this story.

That is how Nikolay Pavlovich arrived at the Russian parliament. Where, very soon, he was noticed and mentioned — at the height of *perestroyka* his breadth of thought, his incorruptibility, and his devotion to his idea were rated most highly. Then it was August 1991, when all the state communication telephones in the White House were turned off, only four telephones remained — one of which was Medvedev's — and he spent the entire night trying to locate the heads of the republics, in order to transmit Yeltsin's edict to them; they were hiding in hotels, waiting to see who would get the upper hand — Yeltsin or Yanayev... Tanks were on their way to Moscow, and so were members of the VS Presidium, including Medvedev, determined to prevent them for getting onto the streets of the capital...

Things turned out completely differently in October 1993, which was marked by the shameful firing of weapons at the White House. A week prior to that, Nikolay Pavlovich had been accepted into the position of chief of the administration for work with the territories, under the president's administration. It was a fateful coincidence: his official certification and presidential edict No.1400 bear the same date — 21 September. So it was necessary for Medvedev to roll up his sleeves and begin hurriedly to implement that edict; he understood that it is necessary to choose the lesser of two evils, inasmuch as there would not be a third one. But the "third evil" was already looming on the horizon: civil war.

Without looking back, Medvedev rushed to defend his idol's positions. At that time he was convinced that he was working for the state, that he was supporting its leader — an intelligent, uncompromising one who was so strong-willed that he took upon himself the defeat of the White House.

Power... Currently the country's president has plenty of it. Just as there are plenty of edicts signed by him. It's just that somehow things are not going well with the execution of what the president wants. A few people simply are incapable. Or could it be that a few — I do not preclude this — do not have a burning desire to do so?

While still a participant in the development of the text of the new RF Constitution, Medvedev strongly objected to the formulation of Article 12, which mentions the separation of the agencies of local self-government from state authority (it is a curious formulation: it turns out that it is not banned nowadays to live in the state and to be free of the state). An opponent from the president's administration had been victorious.

So I asked Nikolay Pavlovich whether it was because of a personal conflict that he had left his important position in the administration apparatus where he could have done so much for the sake of implementing his own federalist ideas.

Medvedev evaded a direct answer. "Why reduce it to personalities? At a high level like this, the decisions must be made not by characters, but by concepts. If a person has been given access to federal power, he should not imagine himself to be the hub of the universe, he should not repeat the mistakes of the administrators in the CPSU Central Committee..."

So a year ago Medvedev moved to the seat of deputy minister in the newly formed RF Ministry for Cooperation With the CIS States.

### From Unitarism to Federalism

In the person of Medvedev, the new department received a professional of the highest caliber. Even while he was working in the Supreme Soviet, and then, subsequently, in the president's apparatus, he repeatedly headed parliamentary and state commissions to ascertain the circumstances surrounding ethnic conflicts in the hot spots of the near abroad. At the height of military actions, he traveled to South Ossetia, Abkhazia, and the Dnester region. He heads a combined Russian-Estonian commission for monitoring the execution of a reciprocal treaty... Coming up against violations of the law with respect to the national minorities in Georgia, Moldavia, and Estonia, he prepared the collection "Natsionalnoye samoopredeleniye ili 'ethnicheskiye chistki'?" [National Self-Determination or "Ethnic Cleansings"?] A decade of meditations on the fate of the space that for a long period of time had been called the "USSR" was poured into his monograph "Nationalnaya politika Rossii: ot unitarizma k federalizmu" [Russia's National Policy: From Unitarism to Federalism]. Soon his fifth book on a topic that was dictated by life will appear. Also, the subject of his doctoral dissertation, which he is assimilating bit by bit, is of a completely concrete nature: "Present-Day Concepts of Federalism in a Multinational State"; in this work his intention, using the example of worldwide practice, is to prove that, even on our soil, a confederative arrangement of a commonwealth of states is possible.

In a word, the person who has arrived at the ministry is one who knows the problems of the CIS from the inside, and who is convinced that they are primarily of an economic nature. Their resolution must help to open a path to the restoration, at a new level of the economic integration of all countries, of the vast space that occupies one-sixth of the dry land on the planet.

It has turned out that, in his new position, Medvedev has been given the responsibility of dealing with the same hot spots in the fate of which he took direct part previously: Central Asia (Kazakhstan, Kyrgyzia, Tajikistan, Turkmenistan) and the trans-Caucasus (Armenia, Azerbaijan, Georgia) But currently, as he seeks possibilities, say, for restoring the railroad bridge across the Inguri River and for enlivening the region's energy complex, he refers to his experience as the head of the Russian delegation in the combined commission for settling the Georgian-Osetinian conflict and restoring the economies in the south of Ossetia, and refers to jobs that he received as chairman of the governmental commission for restoring the national economy of Abkhazia...

In the ministry, Medvedev bears the responsibility for what is probably the most labor-intensive administration — cooperation between the regions of Russia and the CIS countries. This includes customs tariffs, the status of most favored nation, the choice of priorities, and— whether we want this or not —politics.

Here is a very fresh example. A trade and economic agreement has been concluded with Uzbekistan, the final lines of which mention cotton. Russian textile workers are suffocating without cotton. Well, the agreement was signed, but that is as far as things went. What became the stumbling block was "Roskontrakt," the analogue of the deceased Gossnab. It is surrounded by a tremendous number of rehandling and middleman structures, prices are increased wildly, so that the Russian processors cannot allow themselves to purchase the raw materials that are in short supply. In turn,, the Uzbek producers no longer want to play the role of Russia's raw-materials appendage. It is more profitable for them to engage themselves in the thorough processing of cotton.

What, then, is the way out, I ask Medvedev. "The way out is already on the surface: take into consideration your partners' interests," he answered. Then he mentioned the creation of a Russian-Uzbek association at the regional level, giving as an example "Yakovlevskiy Kholding" in Ivanovo. The people there do not wait for subsidies or loans. Instead they themselves bring the future closer by changing the relations with their Uzbek partners to a joint-stock basis that encompasses the entire technological chain, up to and including the finished article. The holding company plans to invest in the construction in Uzbekistan of capacities for the primary processing of raw cotton, with the final processing occurring in Russia. It was possible in that way to come down to earth from the clouds.

From situations like this and other similar ones, Medvedev makes the conclusion that the controllability of the economy in Russia is much lower than in the other CIS states. In Uzbekistan, again, cotton is a strategic raw material that is entirely controlled by the state. In our country the textile branch is viewed as something of no great importance. It has been given away to various joint-stock companies, each of which is pursuing its own interests, which often are incompatible with the interests either of the suppliers or the consumers. So, if we are thirsting for profound economic integration, it is necessary to look for hookup mechanisms that correspond to one another. The question of whom to make responsible for that was removed at the moment of creation of Minsotrudnichestvo [Ministry of Cooperation], since the coordination of the activities of all ministries and departments in that area was put specifically within its purview from the start.

By no means everything has been proceeding smoothly in this department. Minfin [Ministry of Finance] and Minekonomiki [Ministry of Economics], as soon as the conversation swings around to investing in projects of CIS-wide importance, protest: Russia is being used as a donor. It is possible to a certain degree to understand them; their first-priority task is to plug up the domestic holes. On the other hand, it will also be necessary to reconcile with the exporting of capital to the CIS countries, because here, close at hand, we have our natural, well-tested business partners, and there is no need to conquer markets or spheres of influence, which is something on which Western concerns spend dozens of years and billions of dollars. As a result of the fact that Georgia and Abkhazia cannot find 100 billion rubles to restore their railroads, it is not only the Caucasus that loses. Russia, like all the CIS states, also loses: transportation stands idle, the commodities are not being shipped, vacationers are not coming to the resorts... Nevertheless the money will be found. The United States will provide it at outrageous rates of interest. Thus the Americans, without a struggle or expenditures, will occupy a place in a traditionally Russian economic niche...

Medvedev paused, and then he took a thick folder off a shelf.

"The ink had not even dried on this document, that was formalized by the customs union between Russia, Kazakhstan, and Belarus, before our customs officials became worried. By the end of last year they announced that the losses from unpaid customs came to $1.2 billion. Of course it is regrettable when profit is lost. But how much will we lose, other than goodneighborliness, if Kazakhstan submits to Russia a bill for $1.7 billion for the damages inflicted on the ecology of that country by Baykonur during the past two years alone?

"In any civilized community, sooner or later, there arises the question of the extent to which the courses taken by its member-states coincide," Medvedev said, summing it up. "Then the state figures look for compromises, balance the correlation between economics and politics..."

As I listened to Nikolay Pavlovich, I kept interrupting him with objections: how can this be, when the Economic Union has been in existence for more than a year, and then the MEK —Intergovernmental Economic Committee — appeared. Were all of them stillborn?

"That happens frequently in Russia," was the reply I heard. "We have given birth to an idea, and we wait for the gardens of paradise to bloom. And that is what is also happening now. We began with the resolution of global problems within the confines of the CIS only, without bothering ourselves first to establish bilateral agreements with a consideration of the partnership interests of Russia and of every individually taken CIS member-state. So the MEK appeared, most probably, as a result not of motivations that pertain to economics, because, after all, it is a kind of supranational agency, that is, one that does not bind anyone to any extent. It was simply from considerations of 'high politics' that the attempt was made to avoid possible intergovernmental confrontations at an 'economic round table'..."

Could it be that I am judging from my own low bell tower, and Nikolay Pavlovich Medvedev is right? Because a precedent has been created, not without his participation: the triune "Kazakhstan-Belarus-Russia" union, where the resolution of a number of questions has been transferred to reciprocal regulation in a working procedure. Now, for example, the borders between Russia and both partners have become transparent, but the foreign borders are preserved, with the support of Russian border troops.... Still another level of integration can be discerned.

I recall that at his lecture Medvedev made the conclusion to the students: "Whether or not the politicians want this, at least theoretically everything is leading us to recognize the CIS as a community that has been inevitably oriented toward confederation, or possibly federation." An example: the recent referendum in Belarus, when the nation unambiguously expressed its support of rapprochement with Russia. And the time is approaching when the politicians' actions will also become adequate to the nation's "stubborn" mentality. In this regard I agree with Medvedev, that it is already time right now to think about what kind of confederation it should be. We still have a long way to go to get to Switzerland, and also one would scarcely think that that model can be transferred to Russia's clay soil. But why not, as a first step, give the amorphous MEK a different status, endowing it with real responsibility for a healthy CIS system —transportation, communication, power engineering... I also agree with Medvedev about the urgent necessity of creating a single military-strategic CIS space...

But in order to resolve all of this on a competent basis, it is necessary, as a minimum to have a single initiative-taking agency. I see the Ministry for Cooperation with the CIS States as that kind of agency. So long as confusion reigns in our power structures, one can scarcely count on the rapid regulating of relations with our close neighbors. On this score Nikolay Pavlovich has a completely definite point of view.

There has been an unexplainable replacement of economics by politics. In areas where a merchant should have been sent, a diplomat is traveling around. For him, it makes no difference whether it is the United States or Kazakhstan. But not even a expert specializing in Turkey will be able to become oriented in the problems involving ties with Tajikistan. The "upper crust" syndrome had an effect in relations with Estonia, a country with which our own Russian Ministry of Foreign Affairs defined the state border unilaterally (yes, unilaterally!). The people at MFA consider themselves to have the right to resolve questions that pertain to interrelationships with the CIS states, but our embassies in those states do not have any specialists on the economic problems of the CIS. The statistics have not been prepared, and there is a corresponding lack of instrumentalities for making the correct strategic decisions.

What, then, does Medvedev propose? Not much, but it is extremely substantial: transfer to Minsotrudnichestvo a number of political functions. Here too thee have been precedents: for example, in Great Britain, parallel to the Foreign Office, there operates the Department for Commonwealth Matters, which has within its exclusive purview the relations with Scotland, Ireland... It would be worthwhile to depart from the "traditional" scheme of our embassies. Whereas, for example, in a certain Western country there is an urgent need for an intelligence specialist, in a CIS member-country it is wiser to replace him by an economist.

The state apparatus obviously is living beyond its means, Medvedev feels. A striking example of this is the existence of three identical administrative levels that duplicate one another: the president's administration, the government's apparatus, and the ministries. Three organizations that do not depend upon one another also engage in the regions: the department for regional problems, under the government; the administration for work with the territories, under the president; and the Ministry for Regional Policy. How can the process be guided from three centers? How can Minsotrudnichestvo do anything successfully if its path is being constantly crossed by the department on CIS affairs in the government's apparatus? An item on the agenda, Medvedev feels, is the intelligent structuring of the entire executive authority.

Nikolay Pavlovich proposes, keeps fighting, and sometimes he achieves his goal. He is not accepted by everyone "at the top," because he is an adherent of the specifically Russian model of economic development. I find the answer to the question "why" in one of his books:

"First of all, Russia, on the basis of its cultural scale, is comparable to Europe as a whole and is a unique civilization, the annexation of which to another system of values is impossible without the loss of its national uniqueness. Secondly, the Europeans themselves have always considered us, and continue to consider us, as strangers, and seemingly understand better than our politicians the scope of Russia and the impossibility of its being absorbed by Europe. Russia represents such an economically, culturally, and politically complicated system that it cannot be crowded into West European standards. Russia is doomed to the role of a large and independent power. Yes, we are close and related to Europe, but we are not part of it. Instead, we are a completely unique world and we can be proud of this, just as the Americans can be proud of their own civilization that differs from European civilization."

### 'I Was Born in Mordvinia...'

This is the fifth year since Nikolay Pavlovich Medvedev, son of the Mordvinian nation, has been in Moscow. Five years of dealing with the present fast-moving events are probably equal to half a century. In that period there was plenty of time both to do good and to go a lot of stupid things. For the most part, Medvedev managed to avoid the latter. He did not disgrace himself in Belkamennaya in the kray that had nurtured him. And it happens that, in accordance with his official duty, he does not forget people from his hometown. In particular, he takes direct part in developing the federal program for developing the Republic of Mordvinia in 1996-2000. But in response to a deep-felt desire, on his days off he flies to Saransk to give a special lecture course at the university where at one time he received a diploma as an economist, and where he is now an assistant professor...

On his workdays Nikolay Pavlovich constantly remembers the places where he grew up, the willows over the Insar stream, the tiny villages that are lost in the boundless expanses, and his fellow countrymen — open, smiling, and, like the overwhelming majority of Russians, poor. As in Moscow, the people there are definitely not all happy. So the republic itself can be boldly taken as a macromodel of a typical region in the Russian Federation. Here too the division of property under the flag of privatization turned out to be an end in itself. However, the mythical wealth that is promised by the formation of joint-stock companies is not hastening to flow into the empty wallets of ordinary people. So the people go to the state institutions and say, "Don't let us die! Help us!"

People remember that three years ago, when the privatization program was being debated in the Russian Supreme Soviet, Medvedev, with a group of deputies, insisted on having a nationalization program being carried out in parallel. For example, the ZIL plant was privatized, and now the deceived workers, practically with tears in their eyes, remember the bygone days when the conveyor belt would move along at full speed, when they were working and earning wages. One guy sold a privatization check with a value of 10,000 rubles for a couple of bottles. Now that check is worth half a million. Whoever owns suitcases full of vouchers is the lord of the manor.

The same thing also happened in Saransk, a city with a population of 400,000. The city departments of municipal services were converted into joint-stock companies. Immediately the prices of everything jumped up: fuel, asphalt, water, pipes, electricity, heat supply. The population had to make up the losses. The payment for municipal services were forced to rise many times over in the course of a year. But there is no way back. By the will of the legislators, we have had ordered for us a civilized path that was traveled long ago in England, France... There, in the event that the citizens' rights are being trampled on, use is made — in conformity with the law — of the state's right to nationalize enterprises and entire branches. So until such time as, in our country, finance capital transfers from the commercial-swindling sphere into production, we shall continue to have inflation, sky-high prices, and the curtailing of the production of goods for the nation. And once that is so, it is necessary to leave the nation the right to return to the state's protection.

We are all creatures made by the system, Medvedev does not deny, inasmuch as he himself is a product of that system. But no matter much much we badmouth those times, the worker at that time could stand up at a meeting and criticize a director sharply. But now we have "pluralism." In Yaroslavl, at the motor plant, things are bad, and people are getting restless and want to replace the director. But the director votes with shares, and he has a whole bagful of them. That is how it is everywhere. So, when coming out against the monopoly in the political system, we must give every individual the guarantees of a monopoly to remain an individual, that is, we must guarantee him the right to self-expression and a normal, rather than brutish, existence.

It would seem that the ugly duckling of democracy has become thoroughly lost in the corridors of power, from which one often get whiffs of Weimar, and where one sees the playing of an incomprehensible game, the first victims of which are the man in the street, the old man, the woman, the child. What is waiting at the end of the corridor? Leaving that question for Nikolay Pavlovich Medvedev, a highly rated state figure, I offer to the reader these lines from a speech that Abraham Lincoln gave at the height of the Civil War:

"And that we here highly resolve that... this nation, under God, shall have a new birth of freedom — and that government of the people, by the people, and for the people, shall not perish from the earth."

That has a very timely sound. And it is greatly in keeping with the ideal of democracy that is preached by N. P. Medvedev.

### *Tax Police Comment on Russia-Uzbek Anti-Tax Evasion Actions

*954E1082A Moscow ROSSIYSKAYA GAZETA in Russian 9 Jun 95 p 15*

[Commentary by Nikolay Medvedev, tax police major general and head of the Russian Tax Police Department of Public and Foreign Relations]

[FBIS Translated Text] An agreement between the governments of the Russian Federation and Uzbekistan regarding cooperation and information exchange in connection with efforts to stop violations of tax legislation was signed in Tashkent in late April. This document was signed on behalf of the two governments by Sergey Almazov, director of the Russian Federation Department of Tax Police, and Shamil Gataulin, chairman of Uzbekistan's State Tax Committee.

This is the first such agreement signed in the CIS. It was necessitated by events. The scope of integration processes in the countries of the near abroad is widening. Joint ventures are increasingly giving way to multinational financial-industrial groups. Recently dozens of intergovernmental agreements have been signed in regard to the development of production-related cooperation between individual enterprises and entire industries in the Commonwealth countries.

On the one hand, all this makes it possible to establish effective economic cooperation and helps overcome the crisis and improve the economies of the CIS countries, yet on the other it creates ideal conditions for tax evasion. Moreover, the "transparency" of borders and their conditional nature between the countries of the near abroad provide those who would violate tax law with a prime opportunity to funnel capital from one country to another for purposes of tax evasion.

Tax crimes are already commonplace not only in Russia but also in virtually all the CIS countries. Evidence of this are the daily inquiries our department receives from colleagues in the near abroad. And tax-related criminality — like other types of crimes, incidentally — is not moving in the direction of greater national "sovereignty" — on the contrary, these criminals are joining together and creating supranational communities and structures. Years of experience around the world have demonstrated that the only way to deal with this situation effectively is to join forces and coordinate efforts, and to establish cooperation among the agencies under whose authority these matters fall.

In this regard the Russian-Uzbek agreement opens up broad opportunities for both sides. Whereas previous official contacts were sporadic and informal, now these relations will rest on a solid legal foundation. The two sides have assumed mutual obligations and guarantee that those obligations will be met.

Additionally, this agreement clearly lays out the mechanism of cooperation. For example, the procedure for information exchange regarding tax-related crimes and violations, or the form in which an information request must be submitted. Or, for instance, whether information may be passed along to a third party. In essence, this document defines not only general approaches, it also sets forth a very specific methodology for implementing them.

The agreement with Uzbekistan regarding cooperation and information exchange in the fight against tax-related violations is the first of its kind but, I believe, not the last. Even now our department is working quite closely with tax agencies in Belorussia, Kazakhstan, Ukraine, Armenia, Moldavia and even the Baltic countries. And though there are certain forces attempting to hinder these efforts, the realization that tax-related crimes cannot be stopped without an international body of agreements and laws usually prevails.

### *Corporations' Reluctance To Invest in Russia Explained

*954E1082B Moscow ROSSIYSKAYA GAZETA in Russian 9 Jun 95 p 3*

[Article by Prof. Igor Larionov: "'He Who Comes Bringing Dollars...': Investment Climate in Russia Still Far From Favorable"]

[FBIS Translated Text] The issue of how to attract Western investment, private capital in particular, remains a very timely issue for Russia today. It would seem all we would have to do is call, and they would come running, considering all the opportunities Russia has to offer. Yet no one is in a hurry to invest. They are still waiting. Why?

As a rule, many of our country's officials give the standard response to this question. Supposedly there are still signs of political instability, the rules and standards of commercial operations are constantly changing, and tax rates are too high. And then they lay down their trump card: inflation. Supposedly when everything stabilizes and inflation is under control, then Russia will have more project offers than it can handle. But would that really be the case?

There are more fundamental reasons why multinational capital is not flooding into Russia.

Firstly, contrary to a widespread opinion, labor in our country is expensive, not cheap. It only seemed cheap when accompanied by free or virtually free housing, utilities, education, health care and other benefits and the ruble's significantly greater buying power relative to the official dollar exchange rate. Now the cost of labor is increasing rapidly. People must cover expenses for things which were previously free but now must be paid for.

Due to the cold climate, long-distance transportation costs and the public's significant cultural demands, supporting one Russian citizen now costs $700-1,000 per month at world prices. So you can calculate that a family comprised of husband, wife and two children will have to be paid a minimum of $2,500-3,000 per month. But Russia is not the only option. There are countries that have a warm climate. And relatively hardworking populations unaccustomed to the benefits of socialism that supply food to the relatively smaller urban population at low prices. There one person can live more or less tolerably on $100 a month. Maybe even $50. Thus it is not hard to understand why it is more advantageous for multinational companies to build their manufacturing facilities in other countries instead of in Russia.

Secondly, the world market is experiencing intensifying competition in high-technology industries, and this has been accompanied by the dividing up of market segments among multinational corporations. Those corporations, with their headquarters in the G-7 countries, particularly the United States, want to concentrate their most advanced and most complex technologies in those countries, because that is where highly skilled personnel are available. And also to create jobs, in order to prevent social upheaval in the countries where their headquarters are located.

Funding the conversion of the Russian military-industrial complex, a very profitable undertaking, is not something that is acceptable to multinational corporations —they would find it undesirable for a powerful new competitor to appear in the world market. And conversion of high-tech Russian industries would inevitably result in job losses in the G-7 countries, and if high-tech products and advanced technologies from the Russian military-industrial complex were to enter the world market they would undercut the value of many Western technologies, which would be the equivalent of hundreds of billions of dollars in losses. Therefore it comes as no surprise that Western companies are buying up Russian researchers' know-how and keeping it under wraps so they can come back to it after the technologies they already have on the market have paid for themselves.

Multinational corporations will transfer technologies and types of manufacture that are slightly behind the leading edge of science and technology to the newly industrialized countries and other countries. Or they will place their most labor-intensive and relatively unprofitable types of manufacturing there, for example parts and components manufacturing. Russia would not suit that purpose, because labor is expensive here.

Thirdly, multinational corporations view Russia as an energy resources and raw materials appendage, massive investment in which will only become profitable, according to Western calculations, at the beginning of the new millennium.

The problem is that the large geographical area in question, the cold climate, the great extent to which the fuel and energy complex infrastructure is outdated and worn out, and the problems of providing housing and other services to personnel, all taken together, would require the investment of immense amounts of dollars, something that multinational corporations are not yet prepared to undertake. It is more profitable for them to invest their money in oil production in Arab countries and buy up Russian fuel and energy resources at dumping prices, at the same time saving money due to the significant decline in world prices for energy and raw materials. Why should they be interested in refitting Russia's energy and raw materials industries at this time?

No, I do not deny the possibility that individual companies have already been giving much thought to their interests in Russia. And as soon as the investment climate in our country improves they will present themselves. But there is little reason to expect a massive capital influx into Russia, at least not in the next few years. It is just not profitable yet.

## *Numbers, Types of Russians Working Abroad Detailed

*954E1095A Moscow ROSSIYSKAYA GAZETA in Russian 15 Jun 95 p 3*

[Article by Nikolay Nikonorov: "Moonlighting Abroad; Myth About Laziness of Russian Worker Shattered in the West"]

[FBIS Translated Text] Today, in search of the long ruble and "beyond the mist," Russian citizens prefer to travel not to Siberia or Moscow, but to the shores of Albion and to other Western countries. And in the extreme case to Burundi, Yemen or Latvia.

This is one of those very rare situations which is beneficial to absolutely everyone: To the Russians who want to earn some money, show themselves off and see the world; to the employers, who get diligent and often cheap workers for unprestigeous jobs; to the outright swindlers and crooks who get rich off of the desire of our citizens to work abroad; to the private middleman firms, who take a hefty percentage for their services, and finally to the state itself, since the social situation is eased and the tension on the all-Russian labor market is somewhat reduced.

Of course, the state should not make it difficult on itself by erecting obstacles, though they be minimal, in the path of those who want to leave, but should simply let everyone out. This, we might add, corresponds to our Law on Public Employment. However, desire [of the worker] alone is not enough. It is necessary also to have the willingness of the "accepting" party. Other countries are interested primarily in protecting their own labor market. And only individual employers can be happy about the Russian "labor dumping." Therefore, Russia prefers to act by civilized methods on the world labor market. In the words of Konstantin Kolesnikov, the chief of the Department on Implementation of Labor Migration Policy of the FMS [Federal Migration Service], for the present day we have a number of agreements "on labor exchange," primarily with the Western countries: Germany, Switzerland and Poland. There are also two agreements with China. In the future, "labor agreements" will be signed with Czechia, Greece, the Emirates, and the countries of Latin America.

Foreigners like our sailors, skippers and boatswain's mates most of all (there are 3,522 seamen working abroad), as well as our skilled workers, especially builders (4,648). Previously, our drivers were eagerly called to Germany for truck hauls. However, in the words of Nikolay Dzengan, chief specialist at the FMS of Russia, Russian drivers were undercut by their own ambitions. A man would work for 12 hours behind the wheel, for example, and return to the garage with only one thought—to go to his cot as soon as possible. Yet here the owner would say: "Ivan, I have one more haul for you." For this, he would get paid overtime. Then again, he did not want to ruin relations with his employer. As a result, he would fall asleep not on his cot, but at the wheel. And this would result in a traffic accident. Today the Germans have stopped sending for our drivers.

Yet our specialists are rather highly valued. For example, they eagerly invite our engineers, electronics specialists, programmers and physicists to Germany.

Our engineers also feel quite important in Germany. Their wages average 5,000 marks per month ("gross"), while a bricklayer receives 3,400, and a nurse—from 2,600 to 3,400. Yet in our country, such respected workers in the "McDonald's" system who have come to work at their own institution receive only 2,200-2,300.

As for the less civilized countries, here there is at times total discrimination in wages. Sometimes it is hidden, as for example in Greece, where their own sailors or seasonal workers would be more expensive for the owner than the Turks, Yugoslavs and Russians. Sometimes it is outright, as in Poland, where our people get paid less than the locals. When the workers ask: "And why so little?", the owner reasonably answers: "But in your country they pay even less." Therefore, when 65 people set off to Warsaw to work at a confectionery factory (as loaders, markers, packers, etc.), no special requirements were set for them. They had to pay for their own food and passage, but the wages were also commensurate—only 300 zloty. Perhaps only the owner could delude himself, hoping that under such conditions the people would load marzipans and eclairs, and not set off for the local swap meets.

For example, in order to go to Germany, a person had to be under 40 years of age. If one was 40 and a half, the work no longer beckoned.

The main thing in the testing of the candidates was a knowledge of the language.

After that, very little more was asked—not to amuse Europe with their "shenanigans," and not to lose their wits upon encountering an unfamiliar way of life.

So, a certain Mikhail set out for Frankfurt. He was to work directly at the airport, within the system of "public catering" there. The poor fellow got mixed up between two terminals. For three days, he sat at the airport. And then he returned to Moscow, just to find out where he was supposed to work! He was not even sorry to spend the marks on the ticket. Yet all the while, everything had been clearly written in his travel papers, there was an information service at the airport, and finally, after all, there were telephones.

Then again, in about 2-3 months our people quickly adapt.

The Russian "night butterflies" also work with great distinction abroad, and successfully edge out their colleagues on the labor market. However, the state agencies for employment abroad have no relation to their conquests. And they usually leave the country under the guise of specialists in other professions.

There are also a considerable number of our "happy wanderers" travelling along the European roads. Russian singing, with a Russian hat at one's feet, may be heard in Germany or France. A Moscow student may illegally wash windows for Americans. Russian moonlighters, without registering anywhere, may build a house for Polish peasants.

As a result—the myth about the laziness and lack of ability of the Russian worker is being shattered...

## Political Issues

### Socio-Political 'Spiritual Legacy' Founded

*954F2593A Moscow MOSCOW NEWS in English No 20-21, 2-8 Jun 95 p 2*

[Article by Viktor Alexeyenko: "Communist Party Now Has a 'Spiritual Legacy'"; first paragraph is introductory paragraph]

[FBIS Transcribed Text] Adherents of state patriotism recently founded a new socio-political association, "Spiritual Legacy" in Krasnogorsk, Moscow region.

The formal leader of the new association is historian Alexei Podberyozkin, member of the Russian Academy of Natural Sciences, and president of the "RAU-Corporation" research organization. But the first fiddle in it will, no doubt, be played by Gennady Zyuganov, leader of the communists.

Not notable earlier with any inclination for public policy, Alexei Podberyozkin in the summer of 1994 set up the organizing committee on forming Spiritual Legacy and immediately set about work. The committee wrote the National Doctrine of Russia, the Conception of National Security and several works on the Russian idea. The struggle of patriotic scientists for the preservation of domestic science, culture, education and business was mainly waged from the pages of the small-circulation magazine *Obozrevatel*, published by RAU-Corporation, and was therefore little known to public at large.

The situation changed when the communist party of Russia actively joined the work on forming Spiritual Legacy. Practically all the pre-congress documents of the association were now published in the communists' newspaper *Pravda Rossii* (The Truth of Russia) and were brought out as a supplementary sheet in *Pravda* and *Sovetskaya Rossia*. The constituent congress consolidated this alliance and Spiritual Legacy refused to participate independently in elections. The delegates decided to work for the cohesion of the ranks of state-patriots together with communists, and made Zyuganov a member of the movement's council.

It is obvious that in such a bloc the CPRF will play a leading part, but both sides are interested in it. Joining Spiritual Legacy, communists hope to add to their votes at the parliamentary and presidential elections. In their turn, state intellectuals receive in the person of the leader of communists a practical organizer and a rather famous name, which is of great importance since Podberyozkin is not so popular among broad circles.

Apart from Zyuganov, the movement's council includes Gennady Seleznyov, deputy speaker of the Duma; communist deputies; as well as the well-known cultural workers Mahmud Esambayev, Nikolai Gubenko, Tatyana Doronina and others. It is noteworthy that the invitation to the congress was sent to the mass media by a fax signed by Vsevolod Bogdanov, chairman of the Union of Journalists. This unprecedented initiative aroused apprehensions among journalists that their professional union is ready to be reorganized into a party. However, Bogdanov did not participate in the congress and the story with invitations, as it was explained in the lobby, occurred because of his good personal relations with some founders of Spiritual Legacy.

### Shakhray Comments on Reforms, Ideology

*954F2563A Nalchik KAVKAZSKIYE NOVOSTI in Russian May 95 No 5, p 3*

[Article by Sergey Shakhray: "Postulates of Conservatism"]

[FBIS Translated Text] The starting point for the conservative idea is respect for tradition as the universal, transcendent value and principle. Political precepts must be adapted to customs, to Russian national traditions. When designs are foisted on a country which contradict its national essence, only catastrophe can result.

We relate with respect to our past. We must not trample on our forefathers. A country with a despised and trampled past cannot rise up to great deeds. Whatever the past was—it is our past. We are proud of the fact that we are citizens of Great Russia with all its history—tragic and heroic. The rebirth of Russia and its people, primarily spiritual rebirth, is possible only if we appeal to the great traditions of morality, industriousness, patriotism, faith, and family and home values.

Conservatism presupposes that political figures are obliged to guide their conduct through the wisdom inherited from past generations and approved in practice, rather than decide each issue on the basis of personal opinions that turn out far more frequently to be erroneous. Conservative thinking proceeds from actuality. It is devoid of design and entirely alien to the idea of foisting abstract plans of a "bright future" upon society—the constant sin of communists, social-democrats, and liberals. In this sense we are anti-utopians, we are pragmatists.

But does this mean that conservatism precludes any kind of change or reform, that it sees the ideal of social structuring in the past? Far from it. Conservatives simply have a different approach to reforms, one that assumes that a predisposition to preserving things and the ability to improve them at the same time. We always prefer the known to the unknown. In reforming society, we will not set about the destruction of what exists until we are convinced that something better will come to replace it. Edmund Berk, one of the founders of conservative ideology, emphasized: "My guiding principle in effecting reform of the state consists of using available materials. Your architects are engaged in building without a foundation."

Conservatives will never agree to irresponsible experiments conducted on a country or its people. Reforms that are conducted in the name of the future but harm the currently existing generation are utterly worthless. "I am a supporter of expedient measures dictated by the moment," noted conservative Winston Churchill, not known for his indecisiveness.

"I would like to see my contemporaries more secure and fortunate. If, contrary to expectations, my activity in this sphere turns out to be useful to my descendants as well, so much the better. But at no cost will I sacrifice the happiness of my generation for the sake of principles—even the most noble, or truth—even the most pure."

The concept of freedom is sacred to us, insofar as it alone, embodied in the principles of democracy, is capable of protecting us from the threat of political and economic despotism. But we have to know the paradox of freedom, which consists of the fact that freedom destroys itself unless it is limited. Unlimited freedom means the right of the strong to subordinate the weak and deprive them of freedom. We are therefore fighting for a limitation of freedom by the state such that the law protects the freedom of each individual. "The state is maintained not by freedom alone, and not by constraint and rigidity alone, but by a harmony that has so far been elusive to social science, a harmony between the discipline of faith, power, laws, customs, and traditions on the other hand, and on the other—true freedom of the individual...," observed Konstantin Leontyev, one of not very many conservative Russian thinkers.

We see the chief threats to freedom in the anarchy of human wills, and to no lesser degree—in the abuse of state power to the detriment of people's interests.

As realists and pragmatists, we view people and society the way they are. If all people were angels, the state would not be necessary, nor would its enforcement structures. People are different—you have good and bad, teetotalers and alcoholics, talented and inept.

The ideas of universal equality often advanced by ideologists and utopians have always evolved into still greater inequality, which was maintained based on hypocrisy and force. Moreover, equality of all people without exception (the innocent, the criminal, the scholar, and the fool) is not only absurd, but counterproductive as well. Universal equality is the absolute enemy of freedom, talent, initiative, and productive labor. People should have equality of rights and opportunities in the realization of their capabilities, but not equality of results regardless of their capabilities.

The role and functions of people in the social organism differ. Therefore, it is inevitable that diverse social groups will exist, with different economic situations, political interests, and other characteristics. It is entirely natural to have hierarchical structures whose individual components ensure the vitality and unity of society as a whole, components capable of confronting the prevalence of mediocrity, incompetence, and ochlocracy. Kitchen maids, with all due respect to this profession, must not govern the state.

One of the main guarantees of freedom of the individual is private property. This is the consequence and expression of human diversity, without which true liberty is impossible. "The 'rationality' of property ownership does not consist of satisfying requirements, but rather in the fact that the naked subjectivity of the personality is removed"—Hegel wrote. "Only in ownership does the individual appear as an intellect." Private property is the basis of economic democracy, without which political democracy is inconceivable.

Communal property, within the limits necessary for each society, is unavoidable, and in certain spheres is the only thing possible. But absolute predominance of state property leads, on the one hand, to its usurpation by the nomenklatura, and on the other—to the universal pilfering and squandering of public possessions.

Optimal development takes place when the motive force for the process lies not in the government, but in society. In present-day civilizations, the changes that ensure economic growth occur mainly of their own accord, without the authority taking part. We have a long way to go before reaching such an ideal. But it is necessary to strive to see to it that society acquire maximum capabilities for self-development as a condition for economic growth, while the authority assumes the function of attenuating blows that may be struck by the economic process.

## *Duma Deputy Fedorov Questions Competence of Present Government

*954F2597A Moscow MOSKOVSKAYA PRAVDA in Russian 15 Jun 95 p 10*

[Deputy Boris Fedorov interviewed by Kirill Andreyev: "Boris Fedorov: 'Kremlin Offices Need More Brains'"]

[FBIS Translated Text] The desk in the office that Boris Fedorov occupies in the State Duma was a mess: Papers were strewn everywhere. Pushing them aside so that I could conveniently lay my notepad on the desk, the occupant of the office joked: "This desk is in as much disorder as the country."

But there is total order in Boris Fedorov's mind, and he knows exactly how to bring that order to Russia.

* * *

[Fedorov] The responsible and irresponsible officials and old and new democrats who have taken on the burden of determining the country's fate are driving me to despair. Whenever we start discussing concrete issues—housing, crime, inflation—all you hear is that nothing can be done. That we'll have to wait a hundred years. You hear the government, which is trying to do something, although nobody knows what, and it's clear that they have no idea of where they are headed.

And as we know, a person who doesn't know where he's headed winds up furthest astray. Just where is Russia today? In what situation do all us, a combined population of 150 million people, and each of us individually, find ourselves? To put it succinctly and mildly, we're in a deplorable situation. Suffice it to say that over the past three years, we have all been cruelly deceived by all manner of so-called banks, funds, concerns, and firms that have literally stolen our money. Could such a thing possibly happen under a strong government?

The main problem in all these scandals is irresponsibility and unprofessionalism. Nobody wants to assume responsibility, since no one among the powers that be has made any concrete commitments to the people.

The inaction of the authorities is striking.

[Andreyev] What accounts for all this? Why doesn't the government or Viktor Stepanovich Chernomyrdin himself, for example, have even an elementary instinct for self-preservation?

[Fedorov] It's all truly incomprehensible. It's as if the people who wield power simply don't know what to do. We see an utter lack of political will on their part.

* * *

But, in Mr. Fedorov's view, "there is no evil intent here." Again, the problem is a "lack of professionalism."

In general, "professionals" and "professionalism" seem to be Boris Fedorov's favorite words. In any case, he seems to utter these words far more often than anyone else. And understandably so: As a competent specialist himself (Mr. Fedorov has served as RSFSR minister of finance and Russian Federation deputy prime minister and minister of finance and has worked for the European Bank and the World Bank), professionalism is also the quality he values most in others.

* * *

[Fedorov] Literally anyone can work in banking and the insurance business in our country. And hence the result—constant fraud and swindling. The main objective of all these pseudofinanciers is to get their hands on the public's money, and to hell with everything else. After all, the authorities' indifference in Russia today makes it possible to do as one pleases with impunity.

Needless to say, we need strict laws to firmly regulate all activity in the financial sphere. People should have complete information about the financial institution in which they are investing their money, and to that end the latter are obliged to work in an open, transparent fashion. The banks should be required to continually make public their balance sheets, and citizens depositing money in them should know exactly how much profit they will earn in six months, one year, and so on.

We need to introduce stricter licensing in the financial sphere. NO FINANCIAL SERVICE IN WHICH A PERSON INVESTS HIS SAVINGS TO EARN A PROFIT SHOULD BE PERMITTED WITHOUT A SPECIAL LICENSE.

In addition to special licenses to prevent conmen from operating in the financial sphere, it is imperative to PROHIBIT ANY ADVERTISING CALLING ON THE PUBLIC TO DEPOSIT FUNDS AND TO BUY SECURITIES AND THE LIKE BY FIRMS THAT HAVE NOT BEEN LICENSED BY THE CENTRAL BANK, THE MINISTRY OF FINANCE, AND THE STATE PROPERTY COMMITTEE.

[Andreyev] That would be seem to be so easy to do. Why are the president and the government sitting around twiddling their thumbs and doing nothing to solve this problem of such great importance for every Russian citizen?

[Fedorov] They obviously don't understand this. More brains are needed in the Kremlin offices. We need a new team, to replace not just five or 10 people, but 300 to 500 in all positions of political importance. Only a new team will be able to put a stop to the legal anarchy and total assault by irresponsible and corrupt officials.

It's time to do away with the myth of "practitioners" and "theoreticians." As is common knowledge, commercial firms are usually reluctant to hire people with experience in the Soviet restaurant or hotel business, for example, but any director is for some reason automatically fit to manage an industry or the entire economy under the new market conditions. What good are bureaucrats who don't understand that they are living in a different country?

I have visited a dozen regions of our country in recent months and met with thousands of people. And I have drawn the following conclusion, among others: The average level of intelligence in the country as a whole is somewhat higher than in the government or in the State Duma. There are multitudes of people who have a sober assessment of the situation in Russia, who work hard, and who don't understand why their lives should be so dependent on a handful of incompetent officials.

[Andreyev] Indeed, WHY?

### *Duma Security Committee Chairman Ilyukhin Interviewed

*954F2585A Moscow ZAVTRA in Russian Jun 95 No 23, p 3*

[Interview with Viktor Ilyukhin, chairman of the Duma Security Committee, by Grigoriy Yunin: "Iron Heel?"]

[FBIS Translated Text] [Yunin] A group of the top government officials is organizing a super election bloc that includes the elite of the central and regional nomenclature. A banking consortium that has developed under the "financial sun" of the government and president's administration is "redeeming" from the cabinet controlling packages of shares of the largest enterprises in national industry. By utilizing the state's financial and informational resources, the bloc "Our House—Russia" is trying to "expropriate" politics exactly as the banking "fat cats" do with the economy. On behalf of the majority in the Duma, you, Viktor Ivanovich, demanded that the procurator's office make a general supervisory check of the sources of the financing of Chernomyrdin's party machinery. What is behind this surge of nomenclature party building—just ordinary intrigue of those who love power?

[Ilyukhin] It is something more than that: it is a new and possibly untypical threat to the security of the state and society—the threat of oligarchy.

I will begin, possibly, somethat from afar. Many times I have had to demonstrate that the very policy of the present regime is putting the economy under the control of foreign capital. Let us take the military-industrial complex. In the first stage, they brought it to such a state that it simply began to disintegrate without foreign investments. The essence of the second stage is whom to sell and for how much. Really, the military-industrial complex is being sold for a "pickle." High-tech production complexes costing billions of dollars are delivered for hundreds of thousands. More than 21 percent of the shares of the joint-stock company Kaluga Turbine Plant, a unique enterprise, belong to the German firm Siemens-Schukkert. Even the special enterprises that technically equipped Soviet intelligence are going over to the control of foreigners. According to some estimates by experts, 70 to 80 percent of the shares of all Russian enterprises discarded in the course of the second stage of privatization are being bought up by foreign companies directly or through contractors.

The military aspect. The air borders are open from the direction of Kazakhstan, the Caspian region, the North Caucasus, the Baltic region, and the Arctic Ocean. After the Belovezhskiy agreement, Russia was largely deprived of fighter and tactical aviation and heavy strategic aviation. In this last indicator, Russia also falls short of the ceiling foreseen by the START-2 Treaty. Meanwhile, NATO is approaching our borders. Yes, today military collisions between Russia and the West are hardly perceptible. Why? Because the current regime in the Kremlin permitted a free expansion of foreign capital into the national economy and sanctioned the unlimited exportation of natural resources and capital. But as soon as an attempt is made to change this course, Russia will immediately find itself in the crosshairs of sights and will feel tremendous external military pressure.

Is a change of course possible? No. Yeltsin and Chernomyrdin do not want to give it up. And it is understandable why. The load of mistakes and crimes is too great. Too many guarantees were given abroad for the immutability of the "course of radical reforms." Hence the desire of the Kremlin and of the most influential group there as of today to make themselves the sole contractor of the West, forcing other groups out of the game. I think that the attempt of the banking "nine" to "buy" an exquisite piece of national industry has the same root.

It has become a commonplace to speak of the penetration of criminal money into politics. State authority in Russia is monstrously corrupt. Twenty percent of all of the oil produced in the Russian Federation goes abroad illegally. Every year more than $20 billion belonging to Russian citizens settles in foreign banks. This $20 billion is sufficient to finance public health and education twice, again making them free of charge. Is it simple peasants who carried a sea of oil and mountains of dollars across the border in buckets and sacks? No, this was done with the blessing of the highest officials. On my recommendation the State Duma issued a special decree on the protection of national economic interests. It sets forth the amounts of resources and capital that can be taken out of the country. The Duma proposed to the procurator's office that it pursue the facts stated in the decree. The government itself is not undertaking any steps. Nor is the president. Whereas in the 1980's the leaders of the "shadow" economy spent up to 35 percent of their income to bribe representatives of executive authority, now as much as half of criminal incomes goes for this. As early as the first stage of the Yeltsin-Chubays privatization, more than 50 percent of the capital and over 80 percent of voting shares went over to the hands of criminal dealers and foreigners.

So, these people have acquired property. But they also need political power. They intend to use their money to establish a political subculture favorable to themselves in legislative authority, where parties and political values circulate. It must repeatedly reproduce and guarantee their interests in the highest legislative bodies in the event of dramatic swings in the political pendulum. After all, there is a need for people who would explain to the new people in the Kremlin what is what and who is boss.

[Yunin] That is, the new element of the threat is that this narrow group of persons organizing the "power party" essentially no longer considers it necessary to play at liberalism? The oligarchy wants to conclude the liberal period "legitimately" while adapting the end of the redistribution of property to this, to reduce to nothing the chances of the opposition coming near the controls of executive authority.

[Ilyukhin] It appears that it was precisely for this reason that the bloc "Our House—Russia" was established. It was created hastily without encountering even purely organizational obstacles. There has not yet been even a constituent assembly or an initiative "from the top" or "from the bottom" but government telegrams and standardized copies of protocols have already gone out to the localities saying: "call an assembly and so on." This alone costs a lot of money that comes out of the pocket of the Russian taxpayer. A congress was set for 12 May and a new government telegram went out to the regions: the oblast is supposed to be represented at the congress by the head of the administration, one industrialist, and one "authoritative" person in the oblast, generally a banker. There were 900 delegates from 76 regions present at the congress. Huge expenses, the renting of premises, duplication of documents, giant banquets.... And whose money went for this? Altogether this can certainly amount to tens of billions.

Viktor Chernomyrdin was asked whose money was used. He declared to the whole world from the screen: it was the money of large enterprises. If it was state enterprises that spent money for the government, then in the case at hand we are dealing with a waste of state resources that is punishable under criminal law. If this is the money of commercial structures, then it is a matter of corruption, corruption that is absolutely unpunished under present legislation.

[Yunin] And this is precisely the prohibition that was included in the Duma's draft law of the Russian Federation "On the Fight Against Corruption" that the Council of the Federation torpedoed four months ago.

[Ilyukhin] One can now understand why. It hindered the bureaucracy at the center and in the regions from developing into a "power party," putting unjust money into politics.

This is why I publicized the demand for a check of the sources of financing of the Chernomyrdin bloc. According to my information, which naturally needs to be refined, 4 billion rubles were transfered to the Russian joint-stock company Gazprom at the congress. Plus the so-called "VAZovskaya Group" and others. I want to note that Gazprom and AvtoVAZ [Volga Motor Vehicle Plant] are really not totally private enterprises. There the controlling package of shares still belongs to State Property.

If this respectable election bloc starts out with criminal actions, then what will it bring to Russian political life later on? Whom will it put into legislative authority? At best it will be people with a criminal psychology and at worst it will be people with a criminal past.

[Yunin] Do you believe, Viktor Ivanovich, that the General Procurator's Office will decide to take up your official statement?

[Ilyukhin] Not very much. I doubt that Ilyushenko has turned around. He is too firmly tied to the president's chariot. Ultimately, if he does not do it, the deputies will take it upon themselves. They, of course, do not have the right, as does the General Procurator's Office, to decide a question of responsibility. But with time they can bring an action on this against the General Procurator's Office itself, which is encouraging obvious lawlessness.

[Yunin] There is, at it were, an official capitalist layer growing fat at the Kremlin and in the government and administrations. And there is also a purely criminal layer, various "roofs" taking custody of private as well as state enterprises. Those are two centers and two hearts linked by an umbilical cord. Capitalism and its shadow. The "civilized cooperative employee" who has become a banker—and his papa. In your view, are they moving into politics together or separately?

[Ilyukhin] I do not think that it is separately. In both the capital and in the regions, there is a leading group within which respectable bandits get along quite well with capitalized administrators. In this sense, the deceased

Sergey Skorochkin was just the first sprout in the State Duma. Now, with the formation of the "power party," what are coming are no longer sprouts but "big shoots." I fear that the December elections may be vulgar "elections of moneybags." There is no need to go far for examples: the elections in Kolomna, where Bedenkin distributed money to the church, and Mavrodi receipts on future benefits to each inhabitant personally. The people went to vote with money and receipts in their pockets.... I can very well imagine that this spectacle will be repeated in December in most Russian cities.

Moreover I do not rule out that the presidential amendments to the law on the Duma elections that block the efforts of opposition parties in favor of "those with a single mandate," that is, in reality in favor of a regional nomenclature, will gradually put into play "spectacular" candidates—people with multicolored cashmere jackets and with an exotic past and present. They have no illusions at the Kremlin: Russia will not avoid voting on odious chiefs. Candidates of criminal structures are attracting the sympathies of the "ownerless" electorate artificially separated from the opposition parties. They, in contrast to local leaders of executive authority, are unknown to the population, are capable of spending a lot of money, and, finally, as was already mentioned, they demonstrate an effective, theatrical, and "unnomenclatural" preelection behavior.

[Yunin] Do you, Viktor Ivanovich, link the president's strict position in the question of the elections for the State Duma, a position oriented in favor of a "power party" in the localities that controls the "voting machinery," with the strategic tasks of the bloc "Our House—Russia"?

[Ilyukhin] Certainly. We even convinced the deputies outside of parliamentary groups to vote for our parity version: 225 members of the Duma are elected in single-mandate districts and 225 under party lists. A party list, by the way, is a barrier to odious persons who clearly are linked with the criminal world. The leader of the party bears political responsibility for his list.

But this is still not all. I am inclined to think that the president's draft law on the formation of a Council of the Federation, which Yeltsin would like to appoint without elections, the intrigues with respect to the law on the Duma elections, Chernomyrdin's party building, and the claim of nine banks to controlling packages of shares of the largest state enterprises are part of a single plan. As I have already said, it is aimed at the final affirmation of a banking-bureaucratic stratum of compradors in power in Russia. It is creating a real and unprecedented threat to the security of the state.

## *Prokhanov Urges Unity of 'Patriots' in Election Campaign

*954Q0217A Moscow SOVETSKAYA ROSSIYA in Russian 15 Jun 95 p 2*

[Article by Aleksandr Prokhanov: "The Opposition Is a Many-Headed Assembly"]

[FBIS Translated Text] The opposition is building on to its edifice. Whereas in the past it seemed to be a pyramid-shaped tower with a high spire and the name of a single, commonly acknowledged leader written on it, now it is becoming clear that it will be a structure with several peaks, floors and entrances, with a foundation resting on various supports and outcroppings of native rock, and on each peak will fly the banner and emblem of an individual leader with a talent for building.

Today we can already name their names. The names of those who through all the years of testing in the opposition, demonstrating steadfastness, a gift for organization, precision in ideology and policy, have managed to create movements, parties and organizations both centrally and regionally, become known to the people and achieved obvious successes in politics.

They are, of course, Zyuganov, leader of the Communist Party of the Russian Federation (CPRF), who inherited a defeated and demoralized party at the end of the Gorbachev era, a party that made no move in the tragic August of 1991 and surrendered its raykoms, its treasury and the very state itself without a fight. Zyuganov raised it from the ashes, steered it through the disaster, gave it an ideology and led it into the Duma as an organized, intelligent force. Zyuganov is loved not just in the party, but throughout Russia, and he continues to triumph confidently and tirelessly.

Zhirinovskiy, seemingly eccentric and a source of consternation and outrage among the patriots, suddenly, in December 1993, when following the shelling of parliament the opposition was either in jail or on the run, silent in its dejection, crushed under OMON boots, Zhirinovskiy "broke through" in the election, tripped up the "victorious Yeltsinites" and turned their "political New Year's eve party" into a night of shame. Oppressed, exhausted people suddenly saw in him their hope and heard their own voice in his virtuoso passages. His Liberal Democratic Party has won Russia-wide recognition.

Rutskoy, passionate, unbalanced, frank, a fighter for the USSR who has spilled his blood for the Motherland, a military pilot who has taken dangerous and dubious curves in politics, achieved the heights of Yeltsin's Olympus and then broke with the Yeltsinites, threw down an open challenge to the regime, found himself in a prison cell, behaved in an exemplary manner under investigation and, upon his release, united his numerous supporters into the Derzhava [Great Power] movement.

Lapshin, the farmer, the hereditary and typical Russian peasant, intelligent, a little bit cunning, unhurried, cautious and thorough, was the first in the history of Russia to establish a farmers' party that united the most hardworking, ancient and eternally persecuted and repressed segment of the people. His politics and his fatherly concern for "his people" is the concern of a tiller of the soil for the land he loves, for the continuation and endlessness of Russia, which has always rested upon countless nameless peasant clans.

Skokov is an intellectual, a technocrat and a political constructionist who held the highest government posts under Yeltsin, using his power and influence to soften the ferocious ways of the rulers in the Kremlin, on many occasions saving the country from the threat of a military coup. When he realized that he was powerless to resist, he left Yeltsin to go into voluntary exile, bringing the wrath of "the autocrat" down upon himself. He set about doing his unseen work, drawing together and mending the torn fabric of society, inventing and testing out methods of business and administration, attempting to create upon the ruins of the Soviet land a viable whole in which technology and spirit, economics and religion would blend in a fertile unity. His Congress of Russian Communities and the Federation of Producers are just the portion of the structure that is now surfacing.

All these leaders entered the field of politics at various times, from various angles and with various reputations and groups of supporters and created the "opposition field," drawing into it by their own gravitational attraction the younger and less well-known politicians who now form the intellectual nerve center behind these five unquestioned leaders.

The people, accustomed to the absence of a single opposition leader and agreeable to the multi-headed structure of the opposition building, nevertheless will not tolerate lack of coordination among the opposition leaders, or open and obvious discord in their ranks. Because the people, pining under the yoke of Yeltsinism and expending their last drops of vital energy, will not pay any attention to the subtleties of Zhirinovskiy's geopolitical projects or the futuristic components of Zyuganov's program or Rutskoy's detailed economic plans. The people want to be sure that the "temporary occupation regime" will be removed, and any other system will be a blessing. Dissension in the ranks of the opposition, unable to agree on joint campaign actions, is perceived by the people as a disaster and keeps the people in a state of constant tension that is gradually turning into irritation at the leaders, irritation that could give rise to apathy or alienation.

To an ever greater degree the criterion of a leader's identification with the people, maturity and reliability will be his ability to interact with a partner, to consult with others, to coordinate his actions with other centers of opposition, because this, in the many people's opinion, is what real politics means today, real political ethics, real confirmation of the depth and flexibility of the leader to whom in the future will be entrusted the guidance of our ruined, long-suffering and contradiction-filled Motherland.

Against this backdrop the appearance of the "Chernomyrdin bloc" had an ominous effect; the opposition leaders, confidently counting up their triumphant percentages in the election and observing with satisfaction the decay and disintegration of the "democratic" scraps, were suddenly faced with a monster — like a mammoth out of a glacier, sullenly and mindlessly shaking the moss and lichens off its hairy back and pointing its rust-red, rotten tusks at the confused members of the opposition. And no one is likely to be fooled by bravado-filled assessments of the situation, mockery of the bloc, or downplaying of its abilities.

All real politicians who have lived through the coups, bans and persecutions staged by the executive branch perceive the emergence of the Chernomyrdin bloc as a serious threat, a real danger, and a factor that conceals the threat of violence.

Wherein lies the menacing might of this bloc?

Chernomyrdin, as head of Russia's administration, can subordinate its organizational capabilities, its trillions of budget rubles, its buildings, its communications and transportation, and its hundreds of thousands of functionaries and the entire administrative industry — subordinate it to his own "personal cause" and force it to serve his "bloc." An invisible form of corruption, an abuse of office and official time for the sake of one's own political success. It is odd that the Duma, like a sacrificial lamb, is not reacting to this lawlessness, instead letting itself be turned into Chernomyrdin's *shashlik*.

Chernomyrdin's "government bloc" controls tremendous repressive force, controlling krays, guberniyas and republics by threatening them that if they refuse to submit they will be denied subsidies, that they will be subjected to financial and political pressure, that they will face obstacles that will disrupt the regions' already sluggish functioning. And there is no doubt that the "government party," which was willing to destroy the USSR in order to prevail, would also destroy or crush any disobedient region of Russia.

The buying off of individuals, groups and entire social strata and classes has become the political technology of contemporary Russian reality. The expropriated property of the people, immeasurable and priceless, now goes in part to pay the bribes that are handed out to society in exchange for its obedience and complicity. Recall how the first to get rich were the Komsomol officials, the young and energetic functionaries who were given access to the people's pockets. The next to get rich and become heads of joint ventures and banks were the administrators of cities and oblasts, the highest-ranking party officials, who had entered into an economic and political conspiracy with thieves. Officials of the intelligence services, army generals and managers of enterprises were systematically bought, ensuring the government control over dissatisfied workers and grumbling officers. We remember how on the eve of the crises and coups people's deputies, journalists, miners, students and pensioners were bought off one after the other, each group grabbing its own crumbs and in exchange allowing the thieves to rob the Motherland. Veterans of the Victory, marshals and privates alike, received a ridiculously small compensation from the government and then, easily duped, paraded in front of those who had destroyed their Fatherland.

Russia's largest banks, dependent on the regime and fearful of new governments, toed the line laid down by the "government bloc" and surrendered to it their finances, which had been acquired by barbaric, primitive means. The government, by conducting investigations into the criminal activities of many banks, is able to use these unjust trillions for its election campaign, use them to buy air time and newspapers and to create campaign shows, giving government publications and television channels more and more means of suppressing public awareness.

Another very powerful threat is "ideology." Chernomyrdin is an "anti-democrat," and in that regard he is pleasing to the people, Whipped into a rage by the Gaydars and the Yavlinskiys, by their arrogant, bombastic speechifying and mindless potshots, of their Americanism, un-Russianness, their alien, repulsive anthropology. The people might elect Chernomyrdin just because when he gives his cunning explanations he avoids using words like "mentalitet," "makroekonomika" and "konsensus." In addition, skillful makeup artists are applying a coat of "quasi-Soviet" paint to Chernomyrdin — and Chernomyrdin appeals to the people's nostalgia for the stable Brezhnev years. Chernomyrdin is a masterful figure, an obkom politician. He bears traces of Samotlor and Urengoy on him. He comes from that community that is called "the Soviet people." He is almost a Stalinist. He is the embodiment of stability, and he is friends with his former comrades, the communists. He has invited well checked-out "Brezhnevites" — Zykina and Tikhonov — to join his "team." How could one not vote for the person who sent Stierlitz to Hitler's headquarters? How could one not trust a sturdy peasant who props his no longer youthful, labor-worn face in his hands and listens to "Downy Orenburg Scarf"? No one will recall that this peasant was responsible for the Moscow slaughter of autumn 1993, when the "coup plotters" fired on parliament. Nor will anyone remember that this peasant is a bourgeois comprador who receives dividends from Gazprom and is a very wealthy oil magnate. Our poor, gullible people are already primed to be deceived. The intelligentsia are being brought in as "decoys" for this loathsome purpose.

The patriotic leaders are aware of all these things, and they are trying to rouse the people. This provides an incentive for individual movements, parties and alliances to draw closer together and coordinate their actions.

Following the successful creation of a unified "left-wing" and "right-wing" opposition, the alliance of the "reds" and the "whites," the National Salvation Front and the House of Soviets engulfed in flames, attempts to unify the opposition have not been very successful. "Accord for Russia's Sake" did not become the headquarters of a unified patriotic opposition, just a small and soon-languishing club for prominent politicians. A second attempt in Kaliningrad ended with a "paper" declaration that did nothing to halt the public bickering between the "reds" and the "whites." Today, under new circumstances and faced with an obvious threat, the people, apprehensive, are in their heart of hearts neither "left" nor "right," they are just beaten down, robbed and insulted, and they are demanding extreme consolidation from their leaders, as well as a heightened sense of partnership. They are prepared to turn away from the egotistical and the self-serving and accuse them of betraying the people's common interests.

No one is talking about merging movements, about singling out the strongest of them, about dissolving ideologies and interests in some common political melting pot. What we are talking about is coordination of efforts during this extremely important campaign period. About putting an end to damaging public bickering. About a joint analysis of the overall Russian situation by voting district, about dividing up districts between amicably-inclined movements. In each district the best known and most effective individual should be identified and that individual supported by all patriotic movements. To accomplish that, the movement leaders must get together around a map of the "theater of operations," analyze all the districts, select a single candidate in each of them, and surround that candidate with universal support.

Only with coordinated efforts will it be possible to monitor the polls and prevent the impending great fraud, similar to the time when the regime stole 12 million votes from the people when the new Constitution was being voted on. This time, with the fate of the regime and the fate of all the thieves and grafters at stake, the fraud will be on an even grander scale.

By coordinating their campaign policy, the "sovereign" patriotic leaders will get to know each other and come to believe in the possibility of partnership. They will cross psychological barriers and, once they are in the Duma, each with his individual victory, with his individual percentage of votes received, they will be able to achieve a collective majority there, carry out a coordinated Duma policy, and efficiently pass a series of laws that will guarantee the people victory in the next presidential election. The Duma election campaign will reveal the movements' real potential and the true popularity of their leaders. The strongest and most popular will have every reason to claim the role of the single opposition candidate and to be the people's candidate for president. The rest, not quite so successful, will surround him with a dense and mutually trusting cohort, and they will go with him. In the event of his victory they will assume key policy posts. All parties and movements will maintain their sovereignty, their ideology and traditions, but they will form an ensemble, an attuned political group, that will be capable of keeping sight of Russia's national interests during any period of heated interparty debate.

The coordinators and the coordinating group should be made up of citizens who are known in Russia, who stand above the parties, and who have not besmirched themselves with betrayal and pettiness. They will be moral arbiters who will give moral assessments of leaders, reining in their political egoisms and showing the people who is the most consistent and patriotic. Because today, at a time when the black wolfhounds are being whipped into a single merciless pack, a leader's patriotism must be measured by his ability to take joint patriotic action for the sake of the Motherland.

## *Conservative Leaders Appeal to 'Patriots'

*954Q0217B Moscow SOVETSKAYA ROSSIYA in Russian 15 Jun 95 p 2*

[Article by Varennikov, Bondarev, Vlasov and Klykov: "To Russia's Patriots"]

[FBIS Translated Text] Patriotic leaders, we appeal to you, prompted by our concern and pain in these days when misfortune prevails in Russia, when it is a dark time for the soul, when everything living and true that was created not so long ago by our great Motherland is suffering and disintegrating. Ignorant and unscrupulous rulers, obstinate in their ineptitude and greed, multiply misfortune with their deeds. At time it seems there is no way out, no salvation, and that Russia has perished.

Yet hope has appeared, and a path to salvation. Elections will be held this fall. The people's will and the people's desire can bring to power citizens who are worthy and who are concerned for Russia, who will stop this disaster. And that can be done without violence, without bloodshed and tanks, without conflagrations, in a peaceful and moral manner. It will take just one thing: unification of your efforts, a temporary renunciation of differences and strife, so that you can lead the people who believe in you to the polls, so that the united people can prevail. To keep out of parliament the money-grubbers and swindlers, corrupted and soiled by their vices and crimes, the like of which make the very earth groan.

Each one of you is worthy and filled with courage and honor. Each of you will be followed by some portion of the people for whom Russia is a mother, not a stepmother, a temple, not a trough. So strive, while remaining leaders of your own movements and parties, to pool their energy and skillfully combine your efforts to keep the people from being divided.

You will know how to do that based on our political experience and your reason and conscience. You must not lose or retreat any more, as has already occurred more than once in these bitter years. Because a loss would not be merely your political death, it would be the defeat of the people. And in that case you will win not obscurity, but rather the people's eternal reproach.

Your greatness and love of Russia will be measured by your ability to rein in your pride and view others as allies and comrades, to rely on them, to march in one fraternal rank, leading the united people, who have matured and now await your coordinated actions so they can at last win their peaceful campaign.

[Signed] Varennikov, Bondarev, Vlasov, Klykov

## *Figures on Party Allegiance Cited

*954Q0217C Moscow SOVETSKAYA ROSSIYA in Russian 15 Jun 95 p 2*

[Unattributed article: "What Will the Voters Say?"]

[FBIS Translated Text] The magazine VLAST (No 4, 1995) has published the findings of surveys conducted regularly by the Institute for Comparative Social Research. These include a table showing the ratings of political parties and movements in the eyes of the public. Sociologists believe that this rating is based on a number of factors: the number of members in a party, the party's degree of name recognition, and the public's support for a given party's ideological platform. It is telling that less than 1 percent of voters are members of any party, and more than one-half of those consider themselves members of a communist party, either the CPRF or the former CPSU.

Some parties are of a nationalist and patriotic orientation. The Russian National Assembly, the Popular Salvation Front, the Conservative Party and Working Russia, just like parties of a "democratic" orientation, received the support of only 0.1 percent of those surveyed in April 1993.

Sociologists believe that the voters will face a difficult choice: to be guided either by the popularity of a party leader, or by their own professional or demographic status.

**Which party or movement most closely reflects your views?**

| Party or social movement | April 1993 | December 1993 | June 1994 | December 1994 |
|---|---|---|---|---|
| None | 84 | 72.1 | 62.5 | 64 |
| Communist | 5.3 | 4.8 | 8.6 | 8 |
| Russia's Choice | — | 5 | 4 | 4 |
| Liberal Democratic | — | 5 | 4 | 3 |
| Yabloko | — | 1.3 | 2.7 | 3 |
| Russia's Future—New Names | — | 0.2 | — | 1.4 |
| Democratic Party of Russia | — | 3.7 | 1.5 | 1 |
| Women of Russia | — | 1.8 | 0.4 | 1 |
| PRES | — | 2.2 | 0.6 | 0.6 |
| Social Democratic | 3.6 | — | — | 0 2 |
| Christian Democratic | 1.1 | — | 0.1 | 0.2 |
| Cedar | — | 0.2 | 0.1 | 0.1 |
| St. Fedorov | — | 0.1 | 0.1 | 0.1 |
| Civic Union | — | 0.4 | 0.1 | 0.1 |
| RDDR | — | 0.8 | 0.1 | 0.1 |
| Cadets | — | — | — | 0.1 |
| Monarchist | — | — | — | 0.1 |
| Agrarian Union | — | 1.5 | 0.8 | — |
| Rutskoy's | 0.1 | — | 0.7 | — |
| Greens | 0.3 | — | 0.3 | — |
| Baburin's | — | — | 0.2 | — |

| Party or social movement | April 1993 | December 1993 | June 1994 | December 1994 |
|---|---|---|---|---|
| Beer Lovers | — | 0.1 | 0.1 | — |
| Other | 0.4 | — | 0.4 | 0.6 |
| Not Sure | — | — | 12.5 | 13 |

### *Automation of Electoral System

*954E1133A Moscow KRASNAYA ZVEZDA in Russian 17 Jun 95 p 5*

[Unattributed article: "Will the Deputies Place the Officials on the Righteous Path?"]

[FBIS Translated Text] **The RF [Russian Federation] State Duma held parliamentary hearings on "The electoral campaigns of 1995 and 1996 and the role of the State Automated System of the Russian Federation, ''Elections,' in their implementation." Participants in these hearings were: Mikhail Poltoranin, chairman of the State Duma Committee on Informational Policy and Communications; Olga Volkova, member of the Central Electoral Committee; Yuliy Tolmachev, deputy chairman on the State Commission on Electronic Communications; Grigoriy Sizonenko, vice president of the IVK concern; Vladimir Drakin, director of the NII [scientific-research institute] "Voskhod," and others. The hearings were initiated by the State Duma Subcommittee on Communications and Informatics.**

**We will recall that the GAS [state automated system] "Elections" is being created by edict of the President of the RF for purposes of improving informational provision of the country's electoral system—automated collection, accounting and processing of the entire mass of electoral information and reduction of the technological times at all stages of the electoral campaign. The system has a multi-level structure, corresponding to the country's system of electoral commissions. Taking into consideration the step-by-step introduction of the GAS "Elections," the development and expansion of the system are to be performed in two stages. The first consists of automation and provision of means of telecommunications for 90 electoral commissions at the level of "Center-subjects of the Federation," as well as around 3,000 okrug and territorial commissions. (Overall expenditures in 1995 will comprise around 200 billion rubles (R)). This work is to be completed and experimental operation of the first stage of the GAS undertaken in the first quarter of 1996. The second stage, which encompasses slightly under 100,000 sectorial commissions, is for the present time being mentioned only in passing, because of the colossal expense of the project.**

**The informational report distributed by Tsentrizbirkom [Central Electoral Committee] and the RF Roskominform [RF Committee on Information] at the parliamentary hearings focuses attention on the fact that the GAS "Elections" is a federal system, since it contains federal information resources related to regulation and protection of human rights and freedoms. Its owner is the Russian Federation, as confirmed by the financing of the system's development from federal budget funds.**

**In the opinion of specialists speaking at the hearings, this, as well as certain other statements, are in fact not so synonymous, since there are no documents to substantiate them. This means that any official who wants to do so may change the declaration proclaimed today. The outright violation of Russian legislation in determining the supplier of computer technology in favor of a foreign firm—at the expense of that same state budget—is eloquent proof of this fact (KRASNAYA ZVEZDA expressed its opinion on this matter on 27 May of this year).**

**In his conversation with our KRASNAYA ZVEZDA correspondent, the chairman of the Subcommittee on Communications and Informatics, Yuliy NISNEVICH, evaluated the situation surrounding the State Automated System "Elections" as follows:**

[Nisnevich] We are convinced that the decision to create the State Automated System "Elections" is timely and necessary. It will not only make it possible to automate the activity of commissions, but in the near future will make it possible to significantly reduce the financial expenditures for electoral campaigns.

However, the indeterminacy and lack of legal regulation of a number of significant problems associated with the system's application evokes the serious concern of the community, which is at times manifested in the total rejection of the very idea of creating such a system. Unfortunately, an analysis of the standard-legal documents defining the process of development, introduction and application of the "Elections" system for the present day, such as the RF Presidential Edicts No 1723 dated

23 August 1994 and No 227 dated 28 February 1995, the developmental concept of creating the Russian Federation State Automated System "Elections," ratified by decree of the RF TsIK [Central Electoral Committee] No 223 dated 12 July 1994, and the technical assignment for development of the system, coordinated and ratified by all participants in the development without indication of dates, etc.—demonstrates that the community really has serious reason for such concern.

There are several main problems which do not have clear legal resolution today. The first is the legal status of the system.

Up to the present time, as far as I know, only the general contractor has been defined, the general and other subcontractors, and the general executor of the work. However, it is unclear who will be the owner, the proprietor and user of the system. No matter what they say, there is no document which defines whether the system is to be held exclusively in federal ownership, or whether it is to be held in joint management of the Russian Federation, the subjects of the Russian Federation, and the local organs of power. There are standard-legal documents which indicate that "the objects of automation must be the electoral commissions of all levels and the administrations of the appropriate territories," and that "the lower levels of the system must be based on the rayon and city administrations and the appropriate electoral commissions."

All these principles, in our view, are unacceptable, since they do not make it possible to develop and effectively operate the unified system, "Elections."

In second place, I would put the problem of legal relations between the owners of the system and its users. This principle question has not been reflected in the existing standard-legal documents.

The third problem is that the functions of the system, and consquently also the proposed technical decisions, do not reflect the responsibilities of the system's owner and its users to provide the community with all information about the results of the electoral campaigns in the process of conducting the electoral campaigns, as well as upon their completion. In other words, the principles of "informational openness" have not been defined. Evidently, until this responsibility is secured at the legislative level, the development and application of the "Elections" system will encounter, to put it mildly, the cautious attitude of civil society.

Protection of information and protection of the system against unauthorized access is one other unresolved problem. I, as a citizen, do not like this, since the informational basis of the "Elections" system is the information about all the citizens of Russia. That is, personal data, which in any country comprise a vital informational resource. In accordance with Article 11 of the effective Federal law, "On Information, Informatization and Protection of Information," such a list of personal data must be secured at the level of federal law, and the protection of such information must be implemented in accordance with its status as confidential information.

I would particularly like to focus on control over the effectiveness of application of the financial and material resources allocated for development of the system, as well as its application in the periods between electoral campaigns. This is conditioned by the fact that the development and application of the "Elections" system requires considerable expenditures. And the money situation at the present time, as we know, is not good. In order for each allocated ruble to be used with maximal effectiveness, in our opinion it is necessary to define the order of financing of the operations, up to securing it at the legislative level under a separate article of the federal budget. It is also necessary to develop a mechanism of control over the expenditure of the indicated funds.

In selecting the suppliers of the software and technical equipment, it is necessary to orient ourselves primarily toward the Russian producer of computer technology and means of telecommunications. The statesman must think about the economy of his own country and strive to facilitate a situation which would create new jobs, not reduce them. We are in favor of most actively attracting the Russian scientific-technical and intellectual potential to the creation of the domestic material-technical base for support, operation and modernization of the system.

Considering the fact that the performance of the electoral campaigns at all levels is not capable of ensuring full load on the system's technical means, and consequently will not make it possible to effectively utilize the financial and material expenditures for the development and operation of the "Elections" system, the question of its multi-functional application remains open for the present day. In our opinion, it must be resolved today, at the initial stages of the system's development—at the stages of development of its concept and mock-up prototypes, and not sometime in the future. Otherwise, it will lead to significant uncompensated financial and material losses.

**INSTEAD OF A POSTSCRIPT. In our opinion, the optimal resolution of this problem may be found only in defining the status of the "Elections" system as a federal system, with all the legal consequences stemming from this. We will note, as the first step along**

**the path of defining the clear-cut legal conditions for development and operation of the GAS "Elections," Yuliy Nisnevich presented to the State Duma the federal draft law, "On the Procedure for Application of the Russian Federation State Automated System 'Elections'". This draft law establishes the status of the system as a federal informational resource and national property, and defines the requirements of its application stemming from such a status only on the basis of a special federal law on the legal regimen and rules of application of the system. However, on 9 June of this year, through the efforts of deputies of the Liberal-Democratic and Agrarian Parties and certain deputy groups, this draft law was rejected. And so the question—will the deputies place the officials on the righteous path—remains open.**

### *Russian Firm Complains on Purchase of Compaq Computers for Elections

*954E1133B Moscow FINANSOVYYE IZVESTIYA in Russian 22 Jun 95 No 43, p 1*

[Article by Andrey Sveshnikov: "Passions Surrounding the 'Elections' Network Have Taken Away Time From Its Development"]

[FBIS Translated Text] The Russian distribution company "RSI" is hurrying to supply equipment for the state computer system "Elections," which is scheduled to be completed by December of this year.

The discussion centers around the purchase of over 5,800 computers, over 6,700 printers, and over 75,000 other units (modems, continuous power supply sources) by the Tsentrizbirkom [Central Electoral Committee], for a sum of around 106 billion rubles (R). The "Elections" system which is being created on this basis was developed by the NII [scientific-research institute] "Voskhod," which has engaged in questions of automation of state structures since Soviet times. The equipment purchased from "RSI" will be tested and prepared for operation by the "Sisteminvest" firm. The Minsvyazi [Ministry of Communications] and FAPSI [Federal Government Communications and Information Agency] are also participating in the project.

Although 150 descriptions of the purchased equipment are produced by 15 different companies, nothing has evoked more controversy than the selection of computers from the American producer, Compaq. Most upset was the Russian company IVK, which assembles computers at the "Kvant" plant in Zelenogradsk.

In its struggle for the right to be the supplier, IVK relied on the law adopted by the State Duma, "On Deliveries of Products for Federal State Needs." This law prohibits state structures from acquiring equipment from foreign firms if analogs of such equipment are produced on the territory of the RF [Russian Federation].

In the words of a "Systeminvest" representative, "in choosing a supplier, the executors of the project were faced with a dilemma: Either to help the Russian assembly firms, or to realize the project." He also stated that the law, "On Deliveries," needs some sub-legal statutes which could introduce clarity, for example, into the following question: "Which computer may be considered as being produced in Russia?" It is a well-known fact that, as in the entire world, Russian assemblers use predominantly foreign components.

"Today," noted RSI General Director Vasiliy Vasin, "the realization of the project has already been undertaken, and there cannot be a review of the matter of its supplier." However, the vice-president of IVK, Grigoriy Sizonenko, told FINANSOVYYE IZVESTIYA that the company "will try to find an answer to the question of "Who is guilty of violating the law?'".

Due to the passions surrounding the supply of equipment, little attention has been paid to another question. "I believe that it is not important for the project whose computers are purchased. The question centers around the ability of the companies to complete the system within the scheduled times," said Aleksey Remizov, president of "Kami," a company which assembles its own computers and sells foreign ones.

The development of such a large computer system as "Elections" brings not only money to the contracting organizations. In Russia, large national systems integrators which do not produce equipment, but create networks and complexes consisting of thousands of computers, may be brought up on such contracts. The most vivid example of such a firm is the American IDS, whose turnover was $10.1 billion in 1994. At first it belonged to billionaire Ross Perot, and then was sold by him to the auto giant, General Motors.

The "Systeminvest" firm which was chosen as the supplier is closely associated with the NII "Voskhod." Having around 80 associates, it was not very notable on the market up until this time, unlike the Russian "Stipler," LVS, "ABS" and others. The effectiveness of its operation may be judged only after the parliamentary elections in December.

There is also another problem. "Sisteminvest" will have to perform the work in an extremely short period of time. Over 90 local networks and 2477 automated work complexes will have to be created by December. Many companies, hearing of the deadlines, immediately declined the contract. "Systeminvest" representative

Leonid Marin announced: "I still have some doubts—did we do the right thing in taking on 'Elections'?". It is true, he complained more about the accusations levelled by the opponents of Compaq and less about the short deadlines. "But to fulfill such extensive projects in such a short time is extremely problematic, considering the bureaucracy and the undeveloped telecommunications systems," believes Anatoliy Karachinskiy of the ABS company. It looks like the state has decided to bring up the systems integrators in the spirit of "a 5-year plan—in 3 years."

Moreover, in their haste, they did not plan out the question of sources and scopes of financing the support of the continued operability and development of the system. And according to the data of the newspaper FINANCIAL TIMES and the analytical group "Gartner," the inclusion of the personal computer into the local network comprises only 15 percent of the cost of the entire network. The other 85 percent goes for support of operation, service and modernization.

Many Western observers predict a great future for Russia, saying that it has a chance to avoid Western errors in computerization, to begin "with a clean slate" and to create the most up-to-date systems. But in creating such systems, Russia manages to make its own mistakes, which are simply incomprehensible to the understanding of the West.

### *Muscovites Polled on Preferences for Political Leaders

*954F2545A Moscow MOSKOVSKIY KOMSOMOLETS in Russian 6 Jun 95 p 2*

[Article by Oleg Savelyev, sociologist with the All-Russian Center for the Study of Public Opinion: "Muscovites' Political Idols"]

[FBIS Translated Text] An express poll of 2,429 residents of the capital, conducted on 24-25 May 1995 by the All-Russian Center for the Study of Public Opinion (VTsIOM) and commissioned by MOSKOVSKIY KOMSOMOLETS, asked participants to "name the five or six Russian politicians in whom you have the greatest confidence." The answers (in percent) were as follows (for comparison, data are also cited from VTsIOM polls taken on 5 August and 15 December 1993 and 5 April and 13 October 1994):

| | 5 Aug 1993 | 15 Dec 1993 | 5 April 1994 | 13 Oct 1994 | 24 May 1995 |
|---|---|---|---|---|---|
| G. Yavlinskiy | 10 | 16 | 11 | 14 | 10 |
| Yu. Luzhkov | 6 | 5 | 5 | 6 | 9 |
| B. Yeltsin | 27 | 19 | 13 | 10 | 7 |
| Ye. Gaydar | 8 | 26 | 10 | 14 | 5 |
| G. Zyuganov | 1 | 6 | 4 | 8 | 5 |
| Sv. Fedorov | 9 | 5 | 3 | 5 | 4 |
| V. Zhirinovskiy | 2 | 16 | 6 | 5 | 3 |
| V. Chernomyrdin | 5 | 2 | 4 | 4 | 3 |
| A. Rutskoy | 17 | 2 | 5 | 7 | 3 |
| B. Fedorov | — | — | — | 0.3 | 2 |
| M. Gorbachev | 2 | 1 | 1 | 2 | 1 |
| B. Nemtsev | - | — | — | — | 1 |
| A. Sobchak | 4 | 6 | 3 | 2 | 1 |
| E. Panfilova | — | 3 | 5 | 2 | 1 |
| S. Shakhray | 9 | 13 | 5 | 4 | 1 |
| A. Volskiy | 3 | 2 | 1 | 2 | 1 |
| I. Rybkin | — | — | 2 | 1 | 1 |
| K. Borovoy | — | 1 | 2 | 6 | 1 |
| Ye. Lakhova | — | — | —2 | 0.3 | |

| | 5 Aug 1993 | 15 Dec 1993 | 5 April 1994 | 13 Oct 1994 | 24 May 1995 |
|---|---|---|---|---|---|
| S. Baburin | 2 | 1 | 1 | 2 | 0.3 |
| V. Shumeyko | 8 | 1 | 2 | 1 | 0.5 |
| N. Travkin | 4 | 6 | 3 | 5 | 0.2 |
| R. Khasbulatov | 4 | 1 | 1 | 1 | 0.1 |
| Others (less than 1 percent) | 4 | 5 | 4 | 1 | 13 |
| No one, or not sure | 41 | 36 | 52 | 47 | 53 |

The following politicians enjoy a relatively high degree of confidence among the Muscovites surveyed:

G. Yavlinskiy — among specialists (particularly technical specialists), military and law enforcement personnel, managers and other administrators, business people running their own businesses, the self-employed, among women in general; persons age 30-50, individuals with higher education, high income groups, those who think the newspapers ARGUMENTY I FAKTY, IZVESTIYA, ROSSIYSKAYA GAZETA and MOSKOVSKIYE NOVOSTI are best and also trust Ye. Gaydar, S. Shakhray and Sv. Fedorov;

Yu. Luzhkov — among technical specialists, pensioners, specialists in the humanities, managers; among men in general, persons over 50, individuals with secondary and secondary specialized education, lowest and highest income groups, people who prefer the newspapers ARGUMENTY I FAKTY, PRAVDA and SOVETSKAYA ROSSIYA and also trust V. Chernomyrdin, Ye. Gaydar and B. Yeltsin;

B. Yeltsin — among technical specialists and persons over 50, individuals with less than secondary education, people who prefer the newspapers IZVESTIYA, MOSKOVSKAYA PRAVDA, ROSSIYSKAYA GAZETA, TRUD and VECHERNYAYA MOSKVA and also trust V. Chernomyrdin, Ye. Gaydar, Yu. Luzhkov and B. Fedorov;

Ye. Gaydar — among technical specialists and men in general; among persons over 30, individuals with higher education, high income groups, people who prefer the newspapers ARGUMENTY I FAKTY and MOSKOVSKIY KOMSOMOLETS and also trust B. Fedorov, G. Yavlinskiy, B. Yeltsin, V. Chernomyrdin and Yu. Luzhkov;

G. Zyuganov — among pensioners, managers, military personnel and men in general; among persons over 50, individuals with education below secondary and higher education, lower and median income groups, people who prefer SOVETSKAYA ROSSIYA, PRAVDA and ZAVTRA and do not trust any of the most popular politicians, sympathizing only with A. Tuleyev, V. Ampilov and S. Baburin;

Sv. Fedorov — among specialists in the fields of science, education and medicine, managers, technical specialists and women in general; among people over 50, individuals with higher education, people who prefer KURANTY, ZAVTRA, ROSSIYSKAYA GAZETA and ARGUMENTY I FAKTY and also trust B. Fedorov, G. Yavlinskiy and Ye. Gaydar;

V. Zhirinovskiy — among military personnel, skilled blue-collar workers, pensioners, the unemployed and men in general; among persons over 50, people with education below secondary level, low-income groups, people who prefer PRAVDA and ROSSIYSKAYA GAZETA and trust only less popular politicians, e.g. A. Shumeyko, A. Kozyrev and K. Borovoy;

V. Chernomyrdin — among pensioners, business people and men in general; among people over 50, individuals with higher education and education below secondary, median income levels, people who prefer ROSSIYSKAYA GAZETA, SEGODNYA and MOSKOVSKAYA PRAVDA and also trust B. Yeltsin and I. Rybkin;

A. Rutskoy — among the unemployed, managers, officer workers with no specialized education, military personnel, skilled blue-collar workers and men in general; among people over 50, secondary education, median income levels, people who prefer ZAVTRA and MOSKOVSKAYA PRAVDA and also trust G. Zyuganov and V. Ampilov;

B. Fedorov — among specialists in the fields of science, education and medicine, military personnel, managers, technical specialists and men in general; among people age 30-50, higher education levels, median and higher income levels, people who prefer ROSSIYSKAYA GAZETA, ZAVTRA and TRUD and also trust Ye. Gaydar, Sv. Fedorov and G. Yavlinskiy.

Due to the insufficiently large number of persons listing other politicians from the above list, analysis of their supporters' profile would not be appropriate.

### *Law on Criminal Code, Criminal-Procedural Code Amendments, Additions

*954F2578A Moscow DELOVOY MIR in Russian 14 Jun 95 p 6*

["Federal Law of the Russian Federation: On the Introduction of Amendments and Additions to the RSFSR Criminal Code and RSFSR Criminal-Procedural Code; Adopted by the State Duma, 5 April 1995"]

[FBIS Translated Text] Article 1. To insert the following amendments and additions to the RSFSR Criminal Code (VEDOMOSTI VERKHOVNOGO SOVETA RSFSR, 1960, No. 40, Art. 591; 1962, No. 29, Art. 449; 1967, No. 23, Art. 533; 1969, No. 47, Art. 1361; 1972, No. 26, Art. 662; 1973, No. 16, Art. 352; 1974, No. 29, Art. 782; 1977, No. 12, Art. 255; 1980, No. 20, Art. 535; 1981, No. 34, Art. 1151; No. 45, Art. 1517; 1982, No. 41, Art. 1513; No. 49, Art. 1821, 1822; 1984, No. 5, Art. 168; 1985, No. 15, Art. 564; 1986, No. 23, Art. 638, 639; No. 32, Art. 904; 1987, No. 27, Art. 961; No. 30, Art. 1087; No. 43, Art. 1501; 1988, No. 27, Art. 35; No. 14, Art. 396; No. 33, Art. 1081; No. 48, Art. 1520; 1989, No. 3, Art. 50; No. 19, Art. 487; No. 37, Art. 1074; VEDOMOSTI SYEZDA NARODNYKH DEPUTATOV RSFSR I VERKHOVNOGO SOVETA RSFSR, 1990, No. 1, Art. 3; No. 10, Art. 287; 1991, No. 9, Art. 204; No. 15, Art. 494; No. 44, Art. 1430; No. 52, Art. 1867; VEDOMOSTI SYEZDA NARODNYKH DEPUTATOV ROSSIYSKOY FEDERATSII I VERKHOVNOGO SOVETA ROSSIYSKOY FEDERATSII, 1992, No. 29, Art. 1687; No. 33, Art. 1912; No. 44, Art. 2470; No. 47, Art. 2664; 1993, No. 21, Art. 749; No. 22, Art. 789; No. 32, Art. 1231; ROSSIYSKAYA GAZETA 9 September 1993, No. 174; SOBRANIYE ZAKONODATELSTVA ROSSIYSKOY FEDERATSII, 1994, No. 10, Art. 1109):

1. Add Article $77^2$ to the Code, reading as follows:

"Article $77^7$ [as published]. Organization of or participation in illegal armed formations

"The organization of armed associations, detachments, militia units, or other armed formations not envisaged by federal laws, as well as participation in such formations— "is punishable by imprisonment for a term of up to eight years, with or without confiscation of property.

"Deliberate actions committed as part of an illegally armed formation, if coupled with massive violence against people or related to causing other grave consequences— "are punishable by imprisonment for a term of five to 12 years, with or without confiscation of property.

"Deliberate actions committed as part of an illegally armed formation which result in people's death— "are punishable by imprisonment for a term of eight to 15 years along with confiscation of property, or by death along with confiscation of property.

"Note. A person who voluntarily leaves an illegally armed formation and hands over his weapon to the organs of authority is exempted from criminal liability. In such instance, the person is subject to liability only for actions which comprise a different crime."

2. In the second part of Article $7^1$, add following the words "actions causing disorganization in the work of corrective labor institutions (Article $77^1$);" the following text: "the organization of or participation in illegally armed formations (Article $77^2$);".

Article 2. To insert the following amendments and additions to the RSFSR Criminal-Procedural Code (VEDOMOSTI VERKHOVNOGO SOVETA RSFSR, 1960, No. 40, Art. 592; 1965, No. 50, Art. 1243; 1966, No. 35, Art. 946; No. 38, Art. 1039; 1970, No. 22, Art. 442; 1972, No. 51, Art. 1207; 1973, No. 16, Art. 353; 1974, No. 29, Art. 781, 782; 1975, No. 33, Art. 699; 1978, No. 15, Art. 410; 1980, No. 20, Art. 536; 1984, No. 5, Art. 168; 1985, No. 5, Art. 163; No. 40, Art. 1398; 1986, No. 23, Art. 638; 1987, No. 27, Art. 961; No. 36, Art. 1295; No. 43, Art. 1501; 1988, No. 14, Art. 396, 397; No. 33, Art. 1081; No. 48, Art. 1529; 1989, No. 16, Art. 397; No. 28, Art. 739; No. 37, Art. 1074; VEDOMOSTI SYEZDA NARODNYKH DEPUTATOV RSFSR I VERKHOVNOGO SOVETA RSFSR, 1991, No. 15, Art. 494; No. 52, Art. 1867; VEDOMOSTI SYEZDA NARODNYKH DEPUTATOV ROSSIYSKOY FEDERATSII I VERKHOVNOGO SOVETA ROSSIYSKOY FEDERATSII, 1992, No. 17, Art. 894; No. 27, Art. 1560; No. 33, Art. 1912; 1993, No. 3, Art. 97; Art. 749; No. 22, Art. 789; No. 32, Art. 1231; SOBRANIYE ZAKONODATELSTVA ROSSIYSKOY FEDERATSII, 1994, No. 10, Art. 1109; No. 17, Art. 1950):

1. In the fifth part of Article 126, add following the figure "77" the figure "$77^2$,".

Article 3. This federal law enters into force 10 days after its date of official publication.

[Signed] President of the Russian Federation B. YELTSIN

28 April 1995
No. 67-FZ

## *Problems With New Law on Adoption Viewed

*954Q0207A Moscow IZVESTIYA in Russian*
*7 Jun 95 p 4*

[Article by Ella Maksimova, IZVESTIYA: "They Had Good Intentions"]

[FBIS Translated Text] **In hundreds of families, Russian and foreign, the protest entered by the General Procuracy against the letter of the minister of education to the heads of administrations is causing a shock. The adoption of children, even adoption that has begun and is close to happy completion, is being suspended. Why?**

The number of children without a family, orphans, deserted, abandoned, is growing steadily from year to year in our country, but there are also other, unexpectedly rosy figures. Those taken from children's homes, in spite of all the economic misfortunes, has quadrupled during the past 3 years. Adoption, one of the most humane manifestations of social civilization, little by little is taking its place in our consciousness—a normal place—as well.

The law adopted in March at last regulates the legal aspect of adoption. Its principles correspond to international standards and to the UN Convention on the Rights of the Child. Henceforth, foreign adoption is not limited by a shameful condition—only of the [words illegible], deformed, chronic invalids, and mentally abnormal. Now it is possible to adopt healthy children as well, but the priority of Russian citizens must be strictly observed. The acquisition of a family abroad is transformed from an exclusive to a legal arrangement of fates, for the right to a family, regardless of where it lives, is acknowledged as one of the main rights of children.

Recently IZVESTIYA has illuminated the state of this topical problem, including the inexplicable opposition of the Russian Procuracy to its civilized regulation and the calming of the passions.

According to Article 5, the law "enters into force from the day of its official publication." The legislators forgot to take into account that to stop adoption—a long, drawn-out, delicate, profoundly intimate process—at the moment when the candidates for parents have already chosen a child, have seen him, and the child already knows that he will have a mommy and daddy, is inhumane and immoral.

The English, for example, did not introduce the Law on the Child for 2 years, until they were fully prepared for its application. In our country they stopped everything immediately, until the elaboration of a Statute on the Procedure for the Handing Over of Children coincided with the new law.

What alarm was raised both in the world and at home! People laid siege to the Ministry of Education and turned embassies and consulates upside down with bells. An American couple with an unfortunate child, who faced an operation, broke through to an assistant of the Vice Premier Yu. Yarov.

Urgent letters began to pour into Yuriy Fedorovich's office: from the Commission for Questions of Women, the Family, and Demography under the President ("encroachment on the interests of children"), from the Ministry of Education, which, in its turn, was addressed by the Ministry of Foreign Affairs ("encroachment on the authority of Russia") and the Ministry of Health. The vice-premier heeded their reasons and instructed the Ministry of Education to send to the regions an explanation, which it did, having made the recommendation "to examine the documents of Russian citizens and foreigners" prepared prior to the adoption of the law.

Through the newspaper KOMMERSANT DAILY, in the note "The Ministry of Education Is Hurrying To Give Up Orphans to Foreigners," the Procuracy announced the illegality of the ministry's letter, which, it turns out, too zealously [words illegible] about foreign adopters, although the letter is about all, and above all, about Russian adopters. . . .

The procuratorial protest followed. Again the tear of a child, not to mention of the hapless adults, did not stop the long-standing departmental dissection of the Ministry of Education by the Procuracy. Last Friday, Minister Yevgeniy Viktorovich Tkachenko showed a lack of spirit. Not having utilized the fixed 10 days for an answer, he very quickly recalled his letter. Alas! You know he was able to deflect the protest.

All the more rapidly must the government adopt the statute elaborated by the Ministry of Education. It enumerates precisely and scrupulously what the authorities—and the adopters—are obligated to do. Among the innovations prescribed by the law is centralized registration and precise terms of not claiming children by fellow countrymen. There is a month for arranging placement in a family in the place of residence and two months on the territory of a member of the Federation, after which information from the regional data bank is turned over to the federal data bank. If in the course of the following six months (for children under three it is three months) the child does not acquire Russian parents, he becomes legally free for foreign ones. The total term—six to nine months—is, of course, long. It is known that every unnecessary month and week without a family even in the very best public institution is fraught with irreversible psychological losses, especially in the first and second year of life.

Unfortunately, there is an even more dangerous "but" in the law, which calls into question the future practice of adoption.

Let us return to the history of the law. It passed in the Duma with difficulty, and the adopted law was returned with a presidential veto. The reason? The law prohibited the activity of an intermediary, including non-state organizations and private individuals. The goal was noble—to put up a barrier to trade in children—but in the majority of the world's countries it is precisely non-state, non- commercial agencies and associations which are involved in the selection of parents and their unification with the children, and they have been cut off from adoption.

Having received the veto, the Duma members went to the other extreme. In the final text of the law, intermediary activity is prohibited as before, but representation "of other persons on the basis of a power of attorney certified by a notary" is allowed. The staff members of the Ministry of Education were subject to bewilderment and despair.

The power of attorney may conceal a dodger or an unscrupulous operator; it makes no difference whether he is a stranger or a Russian. In reality, what is action on the basis of a power of attorney if not mediation? Why the word game?

The article on the severe punishment for the purchase and sale of children is practically a dead article. How is it to be determined whether a person is moved by a noble motive or nothing but cash? To divide the payment for the drawing up of documents, translations, trips, and for finding the best "commodity" with the help of the same bribe on the market for such services is impossible.

When the whole world is repudiating "independent" adoptions and when a special UNESCO message insistently proposes to rely only on accredited agencies, we go over to this very "independent" form. It proved impossible to include accreditation in the statute at all; it is not stipulated by the law. The Duma turned it down in order to deprive the bureaucrats of the possibility of making a fortune by issuing the permit. All right, now the money will be taken by the authorized agents.

The only instrument of influence that it proved possible to anchor in the statute is the obligation of the organization compiling the evaluation of the personality and the life of the adopters to monitor the education of the child and to report back during the first four years. This should be understood as follows: regardless of how the child is picked up, if he has it good, if he is loved and happy, we will consider that the goal has been attained.

The natural civic feeling, evidently, will not accept this. So where is the way out? Change the law again? No, if only because the old Code on Marriage and Family, strictly speaking, will soon cease to exist. The hearing of the new family code in the second reading is just now taking place. Incidentally, in the adoption part it contains an extremely progressive innovation: it is not the administration that gives permission for an adoption but the court—an oblast or a kray court.

The legislators have the opportunity to correct the mistake and include in the code a mandatory accreditation for non-commercial organizations (in case of the violation of the law it can be taken away) and the granting of certain guarantees of honesty and reasonableness of private individuals. Otherwise, pardon me, any rascal will be able to legally soil the sacred cause.

. . . I was just now told about two bureaucrats of high oblast rank. In impatient expectation of the beginning of work in a new way, they handed over to some American construction firm owner (?!) in good time the list of "their" orphans to be sent to all corners of the United States, and for the authorized persons, one must suppose, the cause will not stop.

## Federal Assembly

### *Prospects for Draft Land Code Assessed

*954Q0224A Moscow DELOVOY MIR in Russian 15 Jun 95 p 1*

[Article by Boris Krotkov, DELOVOY MIR political commentator, under rubric "In the Federal Assembly": "Land: To Whom and How to Own It"]

[FBIS Translated Text] Currently a second attempt is being made in the State Duma to adopt the RF Land Code. The first attempt was made in March. At that time the Zyuganov and Gaydar factions acted as a single front against the code.

The Communists found that the document contains two positions that are unacceptable for them: the position concerning the recognition of private ownership of the land, and the position concerning its free buying and selling. In addition, they felt that the adoption of the Land Code is a referendum matter.

The members of Russia's Choice, however, saw completely different shortcomings in the draft. In their opinion, an attempt was made in it... "to resuscitate the kolkhoz-sovkhoz system that was based on forced slave labor," and "to overthrow constitutional norms." Including Articles 9 and 36 of the RF Basic Law, according to which citizens and their associations have the right to own land as private property.

It was decided to continue the work on the document in the Duma committees. On Wednesday the results of that work were brought to the attention of a plenary session of the lower house of the Federal Assembly.

The draft consists of 21 chapters and 138 articles. It includes a number of conceptual principles dealing with the legal regulation of land relations and the effective use of the land with a consideration of the economic and social relations that have actually developed in our country. It is stipulated that the land is used in strict conformity with the purpose for which it was intended, otherwise the plot of land can be confiscated from the owner without compensation — naturally, on the basis of a court decision.

Touching upon the question of ownership, the draft proceeds from the constitutional principle that land in the Russian Federation can be part of state, municipal, or private property. Land that is of federal importance is specifically indicated. The procedure for disposing of and managing this kind of land is defined by the Federal Assembly. It is also indicated that citizens and legal entities have the right to own as their private property plots of land for agricultural production, for use as a vegetable garden, for animal husbandry, individual construction, or for setting up a dacha or personal subsidiary plot. The legal forms of land ownership, as well as the right to establish the maximum sizes and number of plots to be transferred for the purpose of maintaining an individual farm, have put within the jurisdiction of the regions. Citizens and legal entities also have other rights to the plot of land, according to the Code: right of permanent (indefinite) use, lease, sublease, mortgage, and servitude. It is established that sublease is authorized only in the event that the items of real estate that are situated on it are being leased. It is not authorized to transfer plots that are designated for agricultural use.

The document that has been submitted states that the return of plots that were confiscated prior to 1991 is not authorized. Relative, however, to the buying and selling of land, it is stated that such transactions are authorized with respect to plots that were transferred to ownership for purposes of collective or individual gardening or animal husbandry, individual housing, garage, or dacha construction, or personal subsidiary plots. But even in all these instances the land can be sold (bought) only with the proviso that there will be no change in the purpose for which it was originally intended. Foreign citizens, foreign legal entities, or organizations with the participation of foreign legal entities can have plots of land in Russia exclusively on lease terms.

A special section in the Code is devoted to urban land. It is proposed that in the major cities the land should remain municipal property, and that the land turnover be organized chiefly on the basis of lease. At the same time, the city dwellers retain the right to receive plots free of charge for permanent use and lifetime inheritable ownership. In small cities land for individual housing and garage construction and for collective gardening can be transferred to private ownership.

Those are the basic principles in the new version of the Land Code. It can be predicted that this version also will not satisfy the Duma radicals on the left or the right. But the need for this legal act is tremendous. Already 96 percent of the kolkhozes and sovkhozes have been reorganized into AO [joint-stock companies] or cooperatives. For the country as a whole, more than 40 million urban families and 15 million rural ones have been brought into the sphere of land relations on an individual basis. More than 20 million hectares of agricultural land have been transferred to them. But there is no legislation that could regulate the new land relations.

In addition, the illegal turnover of land is, unfortunately, in full swing in Russia. Two-thirds of the country's arable land is being degraded. Without the appropriate laws (and rigid ones, at that) it is impossible to stop these processes.

I am convinced that the opposing forces in the Duma understand this. But there lies ahead an election, the outcome of which is unclear, and the Land Code in its present form is not to the liking either of the radical capitalists or the radical socialists.

### *Law To Regulate Entrepreneurs' Groups Urged

*954Q0224B Moscow DELOVOY MIR in Russian*
*15 Jun 95 p 1*

[Article by DELOVOY MIR correspondent Valentin Khalin, under rubric "Entrepreneurs and Power": "The Employer — A Link in the Triad"]

[FBIS Translated Text] As of today, there have been created in the country approximately 200 all-Russian, interregional, and international associations of entrepreneurs, in addition to as many as one thousand that are operating on the regional level. All of them act in complicated interrelations with hired workers, trade unions, the state, and one another. Contacts like this need legal regulation. But that regulation is hindered, since the status of associations has not yet been defined.

"It is necessary to prepare a legislative bill 'Unions of Russian Entrepreneurs,'" Vladimir Lepekhin, deputy chairman of the State Duma's Committee on Matters of Public Associations and Religious Organizations, feels. He and Sergey Bednov, vice-president of TPP [Chamber of Commerce and Industry], on 13 June conducted a public hearing on this question. Participants in the round table discussion included deputies, representatives of entrepreneurial structures, scientists, and jurists.

"There is no doubt concerning the need for such a law," Viktor Yermakov, president of the Russian Agency for Support of Small and Medium-Sized Business, stated. "It is important for that law to conform to constitutional norms, the RF Civil Code, and its legally binding acts."

Participants in the discussion remarked that they are completely aware of the painstaking and important work that will have to be done. True, there is no particular need to rush things. The legislative draft that was mentioned will probably not be ready for a hearing by the current makeup of the State Duma. But the matter should not be postponed indefinitely. It is necessary to conduct a careful study of the foreign experience, especially in such countries as Germany and Japan, and to take into maximum consideration the peculiarities of the transition to the market in our country, and to begin exploiting a legislative stratum that would not evoke the deputies' nonacceptance.

All these nuances were mentioned by Vladimir Stroganov, of the Russian Union of Industrialists and Entrepreneurs; Vladimir Beloborodov, of the Association of Joint Ventures; Natalya Osipova, of the Association of Russian Advertising Agencies; and other participants in the round table discussion. The problem of the legal status of the employers was discussed especially meticulously. After all, the interrelations between them and the hired workers, as well as between them and the sate, are firmly fixed, in particular, by the concluding of trilateral agreements on hired labor. Guarantees of the rights and obligations of the workers and the state are stated in the Law entitled "Trade Unions." Employers in the nonstate sector of the economy, while an inseparable link in the triad, still remain overboard, legally speaking. The existing legislation does not take into consideration the interests of private owners, enterprises of mixed forms of ownership, or their managers. That legislation completely fails to define who should be considered the responsible employer. At a state enterprise, is it the director? But he himself is acting as a hired representative of the state. And who is responsible at an AO [joint-stock company], a concern, a TOO [limited liability partnership], etc.? What are the prerogatives of the regional and federal entrepreneurial structures?

In a word, there are more questions than answers. The search for the latter will be continued. That was stated by the participants in the round table discussion at RF TPP. They invite all the interested and competent specialists to take part in the discussion.

## Regional Affairs

### 'Chechen Syndrome' Termed Civil War Threat

*954F2575A Moscow MOSCOW NEWS in English No 20-21, 2-8 Jun 95 pp 1, 4*

[Article by Lyudmila Leontyeva: "Apex of Chechen War Still Lies Ahead"]

[FBIS Transcribed Text] Moscow News — **The "party of war" has secured its ends: even if troops are withdrawn from Chechnya, the shooting will continue for a long time to come. And the "Chechen syndrome" will claim lives in Russia as well.**

The talks between the warring sides which started under the OSCE aegis on May 25 in Grozny were doomed to failure from the outset. In the words of Iman Imayed, Dudayev's spokesman, "Russia is not prepared for talks." Grachev's demonstratively rigid ultimatum leaves no choice for the Chechens. The party of war has left no choice for Russia.

#### After the Lull

After May's forced pause in Chechnya the federal troops have been recouping themselves now by delivering intensive strikes deep into Chechen territory and by pressing the rebels toward the mountains. Fighter aircraft hover throughout the day over Vedeno, Shatoi and other alpine villages of the former Sovetsky District, and as twilight artillery comes into action, the glares of explosions are visible in the night sky from a distance of dozens of kilometers. Forests are ablaze in alpine districts.

In small groups the militants are rolling back to the forests, not especially trying to bypass the posts and daringly engaged them in shoot-outs. The border guards of the Caucasian Special Frontier District think that the retreating groups of Dudayev's men will battle their way to the mountains across the territory of Ingushetia, whose conditional administrative border with Chechnya is covered by the posts and pickets of the Nazran frontier detachment, now Russia's biggest. The frontier detachment, taking no part in battles, has suffered losses nevertheless: ten border guards have been killed, and twice as many have been wounded.

#### The Rear

We approached the green field not far from war-ravaged Samashki and near the Rostov-Baku highway a few hours after a hard-fought pre-dawn battle by a Krasnodar task force against Dudayev's volunteers who had appeared from God knows where on four APCs. Since the air force was committed to action, the Chechen kamikaze were destroyed. Hay-makers now account for a large part of the casualties — hay-making is at its height, and there is plenty of cattle in Chechnya.

In the meantime Dudayev keeps reiterating again and again: the Russian troops are using weapons forbidden by international conventions: needle and pellet bombs, and "chemical mines."

"I have myself seen these mines in Vedeno, unexploded, crescent-shaped, stuffed with nerve gas," said Mukharbek Batayev, head of the emergency response department at Ingushetia's Ministry for Emergency Situations (MES).

### Reported to be Missing

Batayev is now engaged in the search for Fred Cuny, a representative of the Soros Foundation, whose traces, like also those of his female interpreter and two Russian doctors, have been lost in the area of Bamut. A Dudayev special group has been looking for him just as unsuccessfully. Cuny met with Dudayev and Maskhadov, commander of Dudayev's formations, on several occasions, establishing nearly amiable relations with them. On that tragic day Cuny, according to his own words, set out from Ordzhonikidzevskaya Stanitsa (a big Cossack village) for a meeting with Maskhadov. Nobody can understand how he happened to find himself near Bamut. It looks as if the bandits who captured him are acting on their own. This circumstance merely confirms that a large part of the armed men fighting against the federal troops have no communications, are not united among themselves either tactically or "ideologically," and do not follow Dudayev with Maskhadov.

As claimed by Batayev, Cuny's dead body allegedly found on an outskirt of the Geldachen village is not the American's, but experts insist on its delivery for identification. However, for the time being this is not possible as the road to Vedeno is now mortally dangerous due to shelling by the Russian air force. For this reason, as Ingushetia's MES has announced, twenty soldiers' mothers who made their way there in search of their sons have found themselves locked in Vedeno. As claimed by the Dudayev side, today they have about 150 Russian military servicemen as prisoners.

Practically the whole of Chechnya's male population capable of taking up arms is being passed through filtration points. Such an institution also exits near Assinovskaya on a farm. Our attempt to talk with an elderly Chechen, an inhabitant of the stanitsa, about his stay there was not crowned with success: the old man was scared, he was badly beaten and, as they let him out, they warned him: if you talk, you'll end up back here. Ruslan Tabiyev, the father of four children, had stayed throughout the war with his relatives in Ingushetia, and last week he decided to go to Grozny to take some of his belongings from his nearly undamaged house in the settlement near the old airport. He was taken right from bed at four in the morning on the very first night and brought to the ill-famed filtration point on a Grozny outskirt. He was not destined to stay there for long — he was rescued by relatives and neighbors, including Russians, who had safeguarded his home from looting.

"It's good that I got out from there before evening," Ruslan says with delight. "At night the treatment there is inhuman as drunken officers and men burst into the cells and begin working with their fists and feet, with whatever they like, without discriminating who is before them — an old man or an adolescent. Relatives buy back whomever they can — in my presence one was let go for six million."

### The Liberators

A unit of the interior troops is stationed on an outskirt of Assinovskaya. We asked to invite the senior officer. A half-dressed major approached us waddling, buttoning up his trousers on the move. He was rude and curt: no talking with journalist since they are all liars. Away from officers most of the other ranks are quite willing to talk: nearly no discussion passes without harsh words for Grachev.

"But the army will fight," one officer says in a tired toneless voice. "It will carry out any, even the most idiotic and self-destructive orders. I will tell you as a witness: many officers and men are worthy of the highest praise, they fight skillfully, heroically and dedicatedly — rushing under bullets to rescue buddies. In a different situation the country could be proud of them and could compose songs about them. But society has taken a gloomy look at this war, and military servicemen, fulfilling their duty, find themselves in the vices of unbearable pressure and a psychologically split personality."

The army is being tormented by its understanding of the thankless and hopeless military operation in Chechnya, and the senselessness of its heavy losses. The vestiges of discipline and military subordination are being eroded by total drunkenness provoking officers and men to drunken brawls among friends and foes, to frenzied firing at night in Grozny palmed off for commandant's offices being fired on by gunmen, to unmotivated brutality in relation to local inhabitants, marauding and "indemnities" at countless Chechen little bazaars.

### The Split

Not long ago 5,000 veterans from among the supporters of the Chechen Republic's Provisional Council, who had opposed Dudayev for two years with arms in hand, addressed a letter to Boris Yeltsin. "With the introduction of troops into Chechnya the number of graves on our soil has not diminished. We are now being killed by Russian soldiers," their appeal says. "Quite often the army makes war not on bandit formations, but on the Chechen people. We address you as the President of the Russian Federation with the only question: what must the Chechen people do — wait for their complete destruction or rise up against the Dudayev and Russian bandit formations?"

The new Chechen authorities have come under heavy psychological pressure from fellow-tribesmen many of whom blame them for the introduction of Russian troops and for immense losses. The jealous and mistrustful attitude of the leaders of the former anti-Dudayev opposition has grown even sharper. This is particularly visible from the fuss around sharing posts among "friends." The people of Khadzhiyev, Avturkhanov and Gantemirov are often appointed to the same post simultaneously and wage furious war for the chair already among themselves. There is more than one director at the local brewery, the bread-baking plant and other lucrative jobs. The Chechens think very poorly of the chances of these three not only for power, but even for life itself after the Russian troops' withdrawal.

"Even if the troops are pulled out of Chechnya now, which Dudayev and Maskhadov insist on, the war in Chechnya will not end," Magomed Daurbekov, Ingushetia's Deputy Minister for Emergency Situations, says with conviction. "The Chechens will no longer stop, the fight will now be on between the leaders of well-armed and well-trained factions. Let alone the Chechens who have entered into the new structures. A civil war, the first in the Vainakh people's history, has been let loose, and its peak, alas, still lies ahead."

### The Hopes

President Ruslan Aushev of Ingushetia maintains that an inestimable role could be played by the creation in the Northern Caucasus of a Committee for the Affairs of Nationalities having a federal status and the head in the rank of vice-premier. And it must be formed from among the authoritative leaders of the Northern Caucasus.

Who is being talked about the most in Chechnya today and on whom do the Chechens pin their hopes for the establishment of peace? However strange, on Aslan Maskhadov, commander of Dudayev's forces, a former colonel of the Soviet Army. On both sides he is being spoken about with undisguised respect, giving credit both to his military and personal qualities. It is him that many Russian mothers are indebted to for the liberation of their sons from captivity. And for a long time he did his best to keep the Chechen forces under him from harming prisoners and pillaging villages. There have been cases of marauders being shot on the spot of the crime on Maskhadov's orders... In contrast to Dudayev, Maskhadov lacks grand ambitions and, according to his own admission, is ready to take part in ceasefire talks with Russian representatives at any level. But these talks invariably end in nothing.

The Dudayev men have been worn out by the war, they are yearning for truce, but will not accept a humiliating peace.

**Nazran — Assinovskaya**

## Kozyrev Visits With Murmansk Electorate

*954F2622A Murmansk MURMANSKIY VESTNIK in Russian 6 Jun 95 p 1*

[Interview with Andrey Kozyrev, conducted by MURMANSKIY VESTNIK correspondent Yu. Savin: "In the Murmansk Direction I Have Outlined an Entire Program..." Interview conducted at Khrushchev Dacha on 2 June 1995]

[FBIS Translated Text]

[Correspondent] Andrey Vladimirovich, each of your visits to Murmansk is accompanied by broad measures. What has the deputy brought this time?

[Kozyrev] First of all, the complement of the Murmansk Oblast Duma has been formulated, and has actively undertaken its work. The oblast's socio-economic problems today remain so complex that they require the concentration of efforts by all institutions of power for their resolution. Good mutual understanding and cooperation has been established with the oblast administration. The involvement of the local legislators in this cooperation would also be rather beneficial.

I am glad that the deputies of the oblast duma have responded to my proposal to hold a meeting to discuss the question of uniting our efforts and capacities, primarily on those problems which affect the immediate interests of Murmansk residents. The deputies have a better understanding of the local situation and can suggest means for various solutions. In the interests of the matter, we could stipulate that I, as a member of the government, should give more attention to the Murmansk problems at the federal level, and the duma—to local questions.

I intend to inform the deputies about what has been done, primarily so that they would have a more complete picture of what is going on, and to share with them the plans for the future. My term as deputy was a rather active one. And, as it turns out, quite a bit was accomplished. But there is still the feeling of dissatisfaction at the fact that in the country, and respectively also in the oblast, the situation leaves something to be desired. Although I must say that tendencies toward macroeconomic stabilization have become outlined in the Russian economy. These are expressed by a smoother movement of production indicators and a reduction in inflation and interest rates.

No matter what position I hold in the future, I will still have an interest in Murmansk. For myself, I have outlined an entire program of future work in the Murmansk direction. I intend to consult about these plans both with the oblast duma, and with the administration.

Second. The signing of the 5-year program of aid to Murmansk Oblast prepared by the UN (PRUN) is to be held here. This program calls for provision of technical aid for completing economic development and improving the ecological situation. This is but one more contribution to the common money-box of international aid to Murmansk residents.

Third. I am disturbed by the fact that the maternity home in the center remains unfinished. What is being proposed? The Committee on Public Health has established the "Stork" fund. Our sponsors have already made the first contribution of $5,000. In other words, a beginning has been laid. I have talked over this question with a number of Russian and foreign entrepreneurs, who have promised to support the project. I hope the Murmansk business circles will also not remain aside.

And finally, every visit means a meeting of the deputy with the voters.

[Correspondent] Andrey Vladimirovich, our readers are interested in the content of your everyday work as deputy. What do you have to deal with now?

[Kozyrev] There is constant painstaking work on developing a legislative base, especially as concerns the life of the Northerners, and the review of appeals by the oblast administration, enterprise managers, labor collectives and individual voters.

The problem of state indebtedness to enterprises of the defense sectors for orders which have been filled remains most acute. A discussion was held on this question with Chairman of Government V. S. Chernomyrdin and the heads of the appropriate ministries. These discussions were confirmed by written appeals. It was promised that the problem would be resolved. I will not let the persons responsible for this question rest until it is removed from the agenda.

[Correspondent] Since you have touched upon this question, Andrey Vladimirovich, I would like to tell you about the delegation of workers from the Snezhnogorsk heating plants, who visited our editorial office today. They have declared a hunger strike because they have not been paid their wages. I am prepared to give you the text of their appeal.

[Kozyrev] Alright. I will think about what I can do in this situation.

[Correspondent] We know that in practically all your discussions with foreign colleagues, appropriate attention is given to the electoral district. The complement of the delegation on your trip to the Netherlands included Oblast Duma Chairman P. A. Sazhinov, and to the USA—the head of oblast administration, Ye. B. Komarov. What practical results do these trips yield for Murmansk residents?

[Kozyrev] Ye. B. Komarov and I make use of any opportunity to attract international assistance for development of the oblast economy. Last year, the head of administration, along with a group of representatives from business circles, visited the USA, where they presented projects for possible cooperation. This trip is yielding definite results.

In the course of the visit to the USA which you mentioned, Ye. B. Komarov held talks in the Senate, the State Department, and other institutions, participated in a representative Russian-American meeting of business circles, and visited a number of organizations and firms. The American state and private structures are inclined toward cooperation with Murmansk.

They came to agreement on the fact that, in the second half of June, a Russian-American meeting would be held in Moscow under the title, "Business Day. Murmansk Oblast," with participation of a number of American companies and investment funds. After the conference in Moscow, American representatives plan to come to Murmansk and hold meetings with business partners on specific interests. Hopefully, the Murmansk business circles will properly prepare for this meeting.

Furthermore, the American side has confirmed the allocation of funds for establishing a representation in Murmansk, which would deal with development of investment projects, training of management cadres, economic education, development of social institutions, and development of the private sector and information systems. Certain business proposals in the sphere of telecommunications were also discussed...

As for the trip by P. A. Sazhinov, here I would note the following instances.

The development of relations between the sister cities of Murmansk and Groningham was continued. Attention of the Dutch was focused on the need for more active development of trade-economic relations. Their level today is not high—$43 million—and far from corresponds to the capacities of the parties.

It was agreed that already in the nearest time the Dutch would begin to implement a program of social rehabilitation in the oblast, which would include the professional re-training of military servicemen and women.

Meetings with business circles engaging in port administration and deliveries of gas were also beneficial.

[Correspondent] Andrey Vladimirovich, last year you provided recreation and health treatment for many Murmansk school children in a number of foreign countries. Summer vacation is drawing near. What can the children of Northerners expect this year?

[Kozyrev] Children's problems for me are the main question. Last year's summer campaign was successful. It allowed the children not only to rest and improve their health, but also to become acquainted with the life of peoples of other countries. I would particularly like to note the good behavior of our children, who were worthy representatives of Russia and the region, and this, undoubtedly, facilitates the development of friendly relations of Russia with these countries.

As for the current season, around 500 children will go to Denmark, Italy, Greece and other countries. Preference will be given, as before, to children from orphanages and low-income families.

## Regional 'Our Home' Movement Considered

*954F2622B Murmansk MURMANSKIY VESTNIK in Russian 2 Jun 95 p 1*

[Article by A. Krupaderov: "Our People Are Also Building a 'Home'"]

[FBIS Translated Text] **The question of creating the regional political movement "Our Home - Russia" was discussed last week at a meeting of heads of administration.**

The delegate from the constituent congress of the "Our Home - Russia" Movement, Ye. Komarov, reported that a charter had been adopted at the congress in Moscow, and the primary program principles of the movement had been developed. "Individual citizens, as well as entire collectives, may become members of 'Our Home'," noted the head of oblast administration. "However, we do not intend to create a party, and will not tempt and beckon people to our movement merely for the sake of numbers. Our task," stressed Ye. Komarov, "is to select from among the number of professionals 3 or 4 persons as candidates for deputy in the State Duma, and to conduct campaign work as permitted by the laws, so that they are elected. I am convinced that 'Varangians' [outsiders] will also try to become deputies through our electoral districts, but we must lead our own people to become deputies. Moreover, money will mean a lot at the upcoming elections," noted Komarov. "And this fact cannot be discounted."

Another deputy at the meeting, Yu. Yurlin, stated outright:

"While tens of parties and movements are struggling to take power, our task is not to give it up. I am not afraid of these words. There are people among us who know the problems of the oblast and their work. I managed Murmansk-60 under the communists, under the democrats, and now I am managing it under the capitalists, and I believe I am able to handle the job."

Komarov and Yurlin are among 126 persons who comprise the council of the movement headed by V. Chernomyrdin.

Well, and now let us say a little more about the program goals of "Our Home."

From the political announcement of the constituent congress it follows that the goals of the movement are: A strong and effective state; The development of a unified Federation; Consistency in the course toward economic and political reform; Dignity and respect for Russia and the Russian citizen. From this stem the primary tasks: To express the interests and strengthen the unity of Russia and its regions; To become the center of gravity, which all will gravitate to for whom the cause, responsibility, democracy and Russia are not simply slogans for getting votes in the elections; To close the way to lack of talent, irresponsibility, demagoguery and extremism; To strengthen the interaction of all branches of power.

Ten pages of the announcement speak of the importance of the functions, the essence of the social policy, the concern for veterans and large families, the realization of an effective tax policy, the strengthening of the position of domestic goods producers, the provision of a stable banking system, etc. In short, everything is like it is in the other parties and movements, plus "Our credo is pragmatism, free from the dogma of lack of alternatives," "Our principle is the specific resolution of specific problems," "Our choice is a civilized market."

We cannot say that the heads of administration of the cities and rayons enthusiastically snapped up the proposal to create "our home" in Murmansk Oblast. They are experienced people. They have already been in parties and movements, and so they decided to think about it. In any case, no one spoke out against it, and no one voted "in favor."

I believe that there will be tens of other people in the mass media who will express their opinion regarding the creation of a regional "Our Home - Russia" Movement or, as it is called in the press, "the party of power." I will express mine as well.

It seems to me that it will be much more difficult specifically for this movement to bring its candidates to victory than for any other. And here is why. "Our Home" will become that irritant against which everyone will fight—from the communists to the democrats to the "Women of Russia" and the businessmen. The logic of the opponents will be simple: Power is not enough for them. Now they want deputy mandates too. On the other hand, if the principle of the elections to the State Duma remains the same—half from the territories, half from the party lists—there is a chance to push through as deputies at least the governor or one of the influential "home-keepers." In principle, a party, movement or block is created for just that purpose.

It seems to me, however, that the most optimal variant for "Our Home" would be to nominate candidates for deputy from among those which are "clearly" their own, but at the same time to introduce into parliament "snowdrop candidates,"—those who are "latently" their own. In this situation, the "snowdrops" would have greater chances for victory. Then again, this is just my own subjective opinion.

### Sverdlovsk Oblast Encourages Voter Turnout

*954F2610A Yekaterinburg OBLASTNAYA GAZETA in Russian 2 Jun 95 p 1*

[Article by Stanislav Solomatov: "Ballot Boxes on Every Garden Row?"]

[FBIS Translated Text] How does one achieve a situation in which the gubernatorial election that has been scheduled for 6 August occurs and the nation's money is not wasted? That was the topic of discussion at the 18th session of the oblast Duma, which was held on Tuesday and Wednesday of this week.

Can the problem be resolved by extending the voting time? The deputies proposed making it possible for the oblast residents to vote over a two-day period. But it turns out that that is banned by federal legislation.

What about extending the voting hours on a single day? So the deputies decided to make amendments to the law "Gubernatorial Election in Sverdlovsk Oblast." (That document, incidentally, was fundamentally reworked.) Thus, on 6 August the voters will be able to vote between 0600 and 2400 hours, whereas during last year's election the precincts were open only from 0700 to 2200 hours.

There was also a discussion of ideas concerning increasing the number of precincts. A proposal was received to form them even in collective gardens! Does that mean, then, that the ballot boxes ought to be set up on every garden row or on every stairway landing? Wouldn't it be better, instead of doing this, to explain once again to people how important the impending election is?

In order to guarantee the election, the Duma enacted two decrees in which it provided detailed interpretations of the application of the articles in oblast laws concerning the election of the governor and the agencies of local self-government.

Noting that the oblast court this week deemed the appointment by the oblast Duma of the election of heads of local self-government in the oblast on 6 August to be illegal, Duma Speaker E. Rossel expressed his firm resolve to achieve the holding of that election. The deputies planned to continue the 18th session of the legislative agency next week. It is expected that at that time the Duma will enact a decree concerning the appealing of the mentioned decision of the oblast court.

Other than the questions pertaining to the election, the Duma approved two important laws that were sent to the governor for his signature. They include the oblast law on the procedure for granting tax benefits and benefits for making payments to the budget.

The long-awaited law "Principles of Housing Policy in Sverdlovsk Oblast" was finally "baked" by the Duma. That document has been called upon, in particular, to create the conditions for expanding the construction and remodeling of housing in the region. One's attention is drawn by the fact that it stipulates the duties of the agencies of state authority and local self-government.

The deputies discussed heatedly the memorandum on the execution of the oblast budget for the first half of

1994 and the report on the execution of oblast Law entitled "The Oblast Budget for the Second Half of 1994."

The Duma enacted a decree in which, in particular, it mentioned inaccuracies in the planning by the oblast administration of the income part of the budget and its violation of the law on the oblast budget for the second half of last year. V. Trushnikov, who is simultaneously a representative of the legislative and executive authority — a deputy to the oblast Duma and the first deputy head of the oblast administration — commented on that decision.

In his opinion, there actually were deviations from the law. And the Duma is right. The law is the law. But those deviations were caused by very important reasons. For example, by the necessity for the urgent purchase of fuel for the winter. In that haste there was no time to consult with the deputies.

So Valeriy Georgiyevich, as the representative of the administration, did not accept any reproach for poor planning. The computations had been made in an efficient manner.

In his opinion, the heating up of passions concerning the execution of the 1994 budget is explained only by the fact that the election is almost here.

### Sverdlovsk Rayon Admin Head Interviewed

*954F2614A Yekaterinburg OBLASTNAYA GAZETA in Russian 30 May 95 p 3*

[Interview with G. Arefin, by S. Solomatov, under rubric "The Territory's Pulse": "'We Are Not Afraid To Talk to People': Nizhneserginskiy Rayon is one of those rayons in the oblast that are having an especially difficult time. A conversation with that rayon's administration head, G. Arefin, is conducted by our correspondent S. Solomatov"]

[FBIS Translated Text] **A large part of Gennadiy Vasilyevich's life is linked with Nizhneserginskiy Rayon. He was even born here — in the settlement of Druzhinino in 1948. He lived for only a short time in Sverdlovsk, when he worked as a lathe operator at a plant, and later studied to be a livestock expert at the agricultural institute. Since 1973, after graduation from the institute, has been back in his home rayon. He worked as the head livestock expert, first on a sovkhoz and subsequently in the rayon administration of agriculture, and became the chief of that administration.**

**In 1985 Gennadiy Vasilyevich for the first time took in his hands the reins of government in the rayon — he was elected chairman of the rayon executive committee. For a certain period of time G. Arefin also worked as the first secretary of the CPSU rayon committee. Since 1990 he has been the Nizhneserginskiy Rayon administration head.**

[Solomatov] Gennadiy Vasilyevich, it turns out that you are a "partocrat" and worked in the party's rayon committee. So am I correct in thinking that even today you sit for hours in your office, holding meeting after meeting, and don't show yourself to people?

[Arefin] We never have been afraid and are not now afraid to talk to people. And we do not wait for people to approach us with their concerns. Very frequently we ourselves, as a team, drive to wherever things are especially difficult, and right there, on the spot, we arrange for a citizens meeting and, discussing things with the people, we decide what to do. This really improves the disciple of the administration workers. No one wants to blush later on when facing another citizens meeting and having to explain why promises had not been kept.

[Solomatov] The situation in the rayon is serious, but people say that in your rayon not a single school or a single medical-aid station has been closed in any inhabited place. Can you tell me how you have managed to save the rayon?

[Arefin] It is probably easier to mention what we did not have to save it from. Most importantly, we were able during the winter to save our cities and settlements from major unpleasantnesses. The enterprises that heat those populated places had only enough fuel for a few days. With the aid of the government, the oblast managed to find fuel quickly.

[Solomatov] But won't next winter be the same kind of emergency situation requiring an urgent search for fuel?

[Arefin] I don't think so. We are attempting during the summer to take a heavy load — the items in the social sphere — off of the "recumbent" enterprises. True, last year the municipalities that accepted as their property housing, houses of culture,, and other buildings had allocated to them for their maintenance from the federal budget only 25 percent of the planned funds. The maintenance of those items will lie heavily on the rayon budget, and that can have an effect on the level of payment to persons receiving payment from the budget. But we cannot do otherwise.

[Solomatov] During the past two years, haven't the rayon's basic breadwinners — the major enterprises — been feeling feverish?

[Arefin] It's a crisis! Last year the slump in volumes of production in the rayon was 43 percent, so that the amount of steel and rolled metal being produced was cut in half. In the first quarter of this year, once again there has been a reduction in the production of output: as compared with the same period last year, a 42-percent reduction.

[Solomatov] But isn't it a "tsarist" matter to keep track of how many tons of steel are being produced in the rayon?

[Arefin] If we had a normal economy, of course not. The main thing is to assure that the plants pay their taxes properly. But the enterprises are paying fewer and fewer of them, and this is threatening the financing of the rayon's social sphere. Therefore it is necessary to get involved in the enterprises' affairs and to help them.

[Solomatov] But is the rayon administration capable of helping the major enterprises in any way?

[Arefin] We are helping to prepare programs to improve their condition. We are looking for finances for that purpose. For the building-materials plant in Nizhniye Sergi, for example, we found a promising investor — the "inter-Ural" firm.

[Solomatov] Can the rayon leadership exert an influence on increasing the export of commodities that are produced on its territory?

[Arefin] The products made by our plants are much in demand abroad. For example, the proposals for purchasing the [aluminum] foil produced by the "Mikhalyum" AO [joint-stock company] that are being received from foreign firms exceed the enterprise's annual production program by more than a factor of 7. However, in order to develop export it is also necessary to have funds, and considerable amounts of them. For example, in order to arrange shipments abroad of square blanks from the Nizhniye Sergi Metallurgical Plant, we need 8-10 billion rubles. And we are looking for that amount.

[Solomatov] Enterprise directors prefer to ask the state for money, rather than attracting private investors. Are they afraid that the "moneybags" will come and take the power away from them?

[Arefin] There are certainly some people who think that way. I think that life will cause them to change their view. We, the administration, on our part, in order to channel the activity of enterprises down a path that is beneficial for the rayon, are attempting to become part of their leadership. For example, I personally have become a member of the director's council of the "Mikhalyum" AO and the Bisertskiy timber management farm.

[Solomatov] That certainly seems to be the correct thing to do, since many enterprises are in debt to the rayon, and the administration now has been given the right to own them. I have heard that you went even farther, and are asking for your administration to get a state block of shares in the "Mikhalyum" AO. Is that true?

[Arefin] Yes, we would like to take advantage also of that form of control over an enterprise.

[Solomatov] That's paradoxical! At a number of plants in the rayon, production has fallen considerably, but the number of workers has dropped by only a few percent. In my view, the inflated staffs are one of the basic reasons for the unenviable position of those enterprises.

[Arefin] Possibly. But the striving by the plant managers to retain experienced personnel is natural. In addition, they are saving people from unemployment. You can imagine what problems would be created by large numbers of unemployed in those populated places where the enterprises from which they were discharged are the only ones.

[Solomatov] According to statistics, in your rayon, out of a population of 71,000, only 10,000 are employed in industry. But even some of them may soon lose their job. What are you undertaking to increase the employment rate for our population?

[Arefin] We are putting our hopes on the rayon program for reducing unemployment and organizing new jobs, 5 billion rubles for the implementation of which will be provided by the oblast's employment fund.

[Solomatov] Other than supporting the major enterprises, are there any other means for raising the rayon's economy?

[Arefin] Small business is also developing in our rayon. There are already 220 enterprises of this size. We give the preference to those firms that engage in production. Such as, for example, the new woodworking enterprise in Mikhaylovsk.

The administration is developing the rayon's infrastructure. Special attention is being paid to road construction. We have set for ourselves the task of bringing a good road to each populated place.

We are helping people to feed themselves by relying on their personal plots. We took away from the sovkhozes approximately 2000 hectares of land and divided it among anyone who wanted land — for use as vegetable gardens, hay meadows, and pastures. Many families in the rayon have five cows each, or sometimes as many as ten. Currently, when people's income is miserly, their own farm is the only thing that saves them.

[Solomatov] Incidentally, how are you yourself getting along? You probably get a bundle of money, don't you?

[Arefin] I'm not really rolling in money. My salary is 700,000 rubles, but I have three children. Two of them are students who have to be helped. In general, the pay in the administration is so low that the only people who work with us are fanatics —people who are in love with their job.

[Solomatov] How do you manage to avoid social conflicts in the rayon?

[Arefin] In our rayon people react calmly to difficulties. So far there have not been any rallies or strikes. Our rayon is still ecologically and politically pure.

I think that this is largely because we have good social protection for the population and the indigent citizens. For example, the "House of Charity" was created in Mikhaylovsk. The "Mikhalyum" AO allocated for it one driveway to the five-story building that houses 42 veterans, and provides its residents with hot meals, medicines, and clean underwear. The rayon also has in operation a day-care center for underprivileged citizens, a social-rehabilitation center for minors, and other enterprises. Stores for the socially vulnerable segments of the population are opening up, providing goods at accessible prices.

[Solomatov] What is the crime situation in your rayon?

[Arefin] There is a lot of stealing, especially at plants. The people there get miserly wages, if they are paid anything at all. Therefore they take away from the enterprises whatever they can get their hands on. The crime situation is especially worrisome at the "Mikhalyum" AO, from which nonferrous metals are being stolen. There is a complete collapse of morals there — certain workers state that they have always stolen, and will continue to steal.

In order to fight the criminals we have created our own municipal militia. We have bought cars, motorcycles, radio equipment, and bulletproof vests for the OVD [internal affairs department].

[Solomatov] Much is being said about the future election. What is your attitude to that? Aren't you afraid that the administration heads in the outlying areas will have to pay for the "transgressions" of the country's government and the President?

[Arefin] Personally I am not afraid of the election. I have already said that in our rayon we are not afraid to talk to people. The election will be yet another opportunity to meet with the people, and to discuss the problems that are troubling all of us.

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## Smolensk Oblast Security Chief Views Tasks

*954F2604A Smolensk SMOLENSKIYE NOVOSTI in Russian 11 May 95 p 2*

[Article by Maksim Kuzmin: "The FSB Will Catch Criminals and Spies but Will Not Get Involved in Politics"]

[FBIS Translated Text] SMOLENSKIYE NOVOSTI has already reported (25 April 1995) that by an edict of the president of Russia a new administrative chief has been appointed for the Federal Security Service [FSB] in Smolensk Oblast. Col. Viktor Maslov, formerly first deputy chief of the directorate, came to this post on 15 April. His predecessor, Maj. Gen. Valeriy Dyatlenko, is now head of the Rostov directorate of the FSB.

At a press conference dedicated to his taking up the new post, Viktor Nikolayevich told the journalists that he was born into a military family in 1950. He has been in Smolensk since 1961. He finished the SFMEI, worked in the Smolensk Central Design and Technology Bureau, and participated in the development of the first domestic personal computers. That was followed by studies in higher courses of the KGB and a post as operations representative. In 1979, the future chief was put in charge of the Kristall Production Association and worked directly on a famous case involving the theft of diamonds. For five years beginning in 1982, he was involved in counterintelligence work at the Smolensk Nuclear Power Station. In 1992, he was appointed first deputy chief of the directorate and now comes the next step in his career.

In coming to his new post, V. Maslov intends to provide for continuity and to maintain the maximum possible openness and accessibility of our special services. By the way, the appointment of V. Dyatlenko to Rostov on the Don is seen as a promotion and accordingly as a high assessment of his work in Smolensk. (The Rostov directorate is several times larger than ours and its functions have become even more complex in connection with the conflict in Chechnya).

V. Maslov considers the following to be priority directions in the work of the FSB in Smolensk: the stopping of intelligence activities of foreign special services and contraband, the scope of which increased greatly after our oblast practically became a border oblast, and the guaranteeing of the security (including ecological security) of strategic facilities like nuclear power stations and so on. In addition to this, it has recently become necessary to strengthen the control of the situation around local Chechen communities. As for crime as such, in the opinion of the colonel, there is no apparent clear differentiation in terms of ethnic characteristics in criminal communities. Although there are so-called persons of Caucasian nationality in practically all of the 8-10 groups of bandits operating in the Smolensk area, their position there is not necessarily dominant.

By the way, the new law on the Federal Security Service (in accordance with which the special services have once again and we hope for the last time been renamed from the FSK [Federal Counterintelligence Service] to FSB) strengthens the potential of the agencies, including in the fighting of crime. In particular, finally, an investigative subdivision of the FSB has been legalized and the security service has received the right to request any information from any organizations, to give official announcements to enterprises, organizations, and even agencies of authority that must be carried out, etc. At the same time, the level of responsibility is also being raised. For example, today it is not the procurator's office but the oblast court that sanctions the monitoring of telephones.

The chronic shortage of funds is still a serious problem. It is necessary to undertake stringent economy measures in some areas and naturally this is not improving the quality of the work. Despite all of this, there are rather many who desire to join the service in the FSB, including young people. We recently accepted several very promising youngsters. Those who have left are hardly likely to return. Being highly skilled workers (selection for the security agencies was always very strict), they also found a worthy application for their strengths in "civilian life."

In response to the question of how likely is the use of special services for political purposes in the event that, say, the extreme opposition comes to power, Viktor Nikolayevich declared that until now no political pressure has been applied and he very much hopes that there will be none applied in the future either. In general, in his opinion, the general apolitical nature of the FSB today is rather clear. As for the convictions of specific coworkers, they do not concern the chief very much. The main thing is that the professional is good.

He is giving a large part of his life to professional work. Little time remains for rest and contact with his family (his wife is an engineer, his daughter is a teacher, and he has a very friendly little dog). But if he is able to find a little free time, he prefers to spend it in nature—there it is easiest to get away from his everyday worries at least for a minute.

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## *Successes, Problems in Developing Budget Federalism Analyzed

*954E1076A Moscow SEGODNYA in Russian 7 Jun 95 p 5*

[Article by Aleksey Lavrov, chief analyst of the Russian Federation President's Analytical Administration: "Russian Budget Federalism: First Steps, First Results"]

[FBIS Translated Text] The strength of any state, and first of all one with a federative system, is determined to a large extent by its budget system, the mechanisms and principles of budget relations among different levels of power and administration. The disintegration of the USSR at the time was caused, among other things, by a growing conflict between the formally federative state system and an essentially unitary budget one.

### The Great Initiative

In the "troubled" times of 1991-1993, the budget system of Russia whimsically combined rather incompatible principles of budgetary unitarism and budget confederalism. The leaders of the "parade of sovereignties" successfully learned the experience of former Union republics on stopping payments to the federal budget, implementing the "one-way" model of interbudget relations, and so on. More law-abiding regions still relied on the old method of "pestering" federal authorities for preferential norms, subsidies, and subventions.

Fortunately, 1994 produced a breakthrough in this respect: As a result of the implemented reform of interbudget relations, the federalization process was finally extended to the national budget system. Thanks to a large extent to this still very fragile Russian federalism, last year we were able to avert what could easily have been the greatest danger—tax and budget "wars" between the center and the regions.

The essence of this reform boiled down to three innovations. First, Federation components were given the right independently to set the rate for one of the main federal taxes—the tax on profit (in the part going to their budgets). Second, it was envisaged to impose a standard distribution ratio for all federal taxes without exception, including the value-added tax (VAT) between the federal and territorial budgets. And finally, third, which probably was the most important point, a fund for the financial support of Federation components was set up within the federal budget, the money from which was to be distributed between the "needy" and "extremely needy" regions on the basis of objective criteria and special formulae.

Overall, these measures may be seen as a major step toward the realization of generally accepted principles of interbudget relations. This put an end to the practice of "reconciliation" (or de facto approval) of regional budgets with the Minfin ((Ministry of Finance)) and considerably increased the independence of regional authorities in conducting their tax and budget policy. What happened was depolitization of interbudget relations: While in the past they were built predominantly on a tacit "haggling" between Moscow and the regions for budget resources, whose results depended on the ramming power and influence of regional leaders, beginning last year, perhaps imperfect but at least more rational financial-economic criteria and methods began to be applied for their regulation.

One has to give due credit to the Ministry of Finance, which in a difficult political and economic situation took upon itself the initiative to implement a long overdue reform of interbudget relations. Hence began the formation of Russian budget federalism. It is precisely this "new reality" that heralds Russia's development into a truly federative state. However, at this point there have been as many problems and slip-ups along this road as there have been achievements.

### What Kind of Legacy We Are Discarding

The most alarming result of 1994 is that we still have not been able to achieve a real equalizing of the Federation components in the budget system. A special tax and budget regime was still in effect for four republics (Karelia, Tatarstan, Bashkortostan, and Yakutia)—something they had managed to win in political battles with the federal center in 1991-1993. Such a "legacy" of the sovereignties parade de facto blocked any attempts to bring order into interbudget relations: How can one convince the absolute majority of the regions to comply with the standard rules of relations with the federal budget, when exceptions have already been made in advance for several—and financially far from the weakest—republics, whose production and export potential in the past had been built through the efforts of the entire country?

The treaties signed last year on the delineation of authority (and within that budget agreements) with Tatarstan and Bashkortostan produced a certain fiscal effect: In the second half of the year, taxes began to flow from the territory of these republics to the federal budget. However, the long-term consequences of political "amnesty" for Federation components, which for the past two years frankly violated federal tax and budget legislation, may turn out not so pleasing.

Less than 5 percent of the total amount of taxes was transferred to the federal budget from the territory of Karelia, to which the federal authorities granted a tax "credit" at symbolic interest and with an undefined mechanism of repayment. Thus, Republic of Sakha (Yakutia) remained the only Federation component (not counting Chechnya) from which not a ruble of taxes was transferred to the federal budget last year.

In the final count, all these privileges were paid for by taxpayers of other Federation components. By the most modest estimates, the Federation's loss of direct tax revenue alone from the four "privileged" republics amounted to at least 2 trillion rubles [R], or 2.3 percent of the federal budget revenue. In per-capita terms, the "privileged" republics' budgets received in 1994 at least R200,000 per inhabitant through tax preferences.

And this is far from all: A separate line item in the federal budget envisaged financing for the program of development of the Republic of Komi (the only Federation component that merited such honor); a so-called "most favorable economic treatment zone—Ingushetia," with an extremely questionable legal and financial-economic status, was formed; and haphazard doling out preferences and subsidies to various regions continues.

The causes behind these processes are of a purely political nature, and the responsibility for them apparently should be shared by all branches of federal authority, which never actually defined their common positions in their relations with the bolstered regional elites and therefore could not effectively counter the growing pressure from the latter.

### One Step Forward, Two Steps Backward

These trends were also exacerbated by the shortcomings of the new mechanism of interbudget relations. The bulk of financial flow between the budget system's levels in 1994 still remained outside the sphere of regulation governing mutual payments. Altogether, R27 trillion were transferred from the federal budget to Federation components (approximately 30 percent of the "conventional"—that is, inclusive of indirect subsidies to the regions—federal budget revenue). Of this, transfers from the regional support fund, distributed in accordance with a formula, comprised only 25 percent. The rest of the money went to Federation components' budgets mainly through the so-called mutual settlement of accounts. Since the law on the 1994 federal budget did not formalize either the procedures for conducting these settlements or the distribution of money appropriated for it by region, opportunities for establishing "informal" budget relations with regional authorities remained extremely broad.

In 1994, as planned, 22 percent of the VAT collected during the second through fourth quarters of 1994 were transferred to the fund for financial support of

Federation components. Formally, the federal budget wholly fulfilled its obligations to the regions. However, because the total tax revenue came considerably short of the planned amount, the absolute size of this fund turned out to be almost 1.7 times less than was envisaged when the federal budget was approved. As a result, the revenue base of the regions that qualified for transfers from the support fund was undermined, with the greatest blow dealt to high-subsidy regions which, one would think, needed priority assistance.

The procedures for providing federal aid to regions that were built into the 1994 budget were quite justifiably criticized on numerous occasions. However, as it turned out, the weak point was not so much the actual formula for distributing transfers per se (there are no ideal formulas for budget "equalizing," anyway) as the procedure chosen by the Minfin for applying it. Almost two-thirds of the fund's money was transferred to the regions in the form of indirect subsidies—by changing the ratio, which left a greater share of the VAT in Federation components' budgets. In a certain sense, this approach became a step backward even from the situation of 1993, when the law on the federal budget formalized for every region different but stable norms for VAT deductions, which were not subject to reconciliation in the process of budget execution.

Dividing the support fund's transfers into direct and indirect had a number of negative consequences. Territorial differentials in the distribution of tax revenue between the federal budget and the regions' budgets increased (for instance, the Nizhniy Novgorod Oblast budget received 58 percent of the taxes collected on its territory, while the budget of the neighboring Mordvinia received 78 percent, and so on); the proportional relations in the distribution of federal aid between regions, built into the federal budget, were tipped. Finally, and most unpleasantly, a sharp differentiation of the ratios between direct and indirect transfers occurred (for instance, in Tula Oblast the share of direct transfers in the total transfers from the Federation components support fund comprised 69 percent, while in Tver Oblast—only 42 percent, and so on). Since for the Federation components, receiving indirect subsidies by keeping a greater share of the VAT collected on their territory in their own budget was clearly more preferable than waiting for direct transfers from the federal budget, the "haggling" with federal authorities for most "lucrative" norms remained in the form of an individually set ratio of direct and indirect subsidies from the regional support fund.

### A Few Words About Results and Facts

In 1994, despite an increased tax independence of the regional authorities, the Federation components' dependence on transfers from the federal budget increased (see the table). The share of direct and indirect federal transfers of every kind in regions' budget revenue increased from 19 percent in 1993 to 22 percent in 1994; stratification into "rich" and "poor" regions increased. While in 1993 there were 15 Federation components of whose revenue more than 50 percent was formed through transfers from the federal budget, last year the number of such regions increased to 21. In Ingushetia and Dagestan, the Republics of Gornyy Altay, Kalmykia, Tuva, and North Ossetia, and in the Aginsk, Buryat, Koryak, Ust-Orda Buryat, and Komi-Permyak Autonomous Okrugs, their own revenue comprised less than 30 percent of their total budget revenue.

[Ed: Figures in the table are as published]

**Budget Relations Between the Federation and Federation Components in 1994**

| | Share of transfers from the federal budget in the budget revenue of Federation components, in percents | Tax revenue sharing between the Federation and Federation components | Total per capita transfers, in 1,000 rubles: | | |
|---|---|---|---|---|---|
| | | | to the federal budget from the Federation component's territory | to the Federation component's budget from the federal budget | Conventional balance of interbudget flow |
| On average for all RF components | 22 | 35:65 | 322 | 146 | 175 |
| RF constituent republics | 19 | 18:82 | 114 | 188 | -74 |
| of them, "privileged" | 5 | 10:90 | 96 | 45 | 51 |

| | Share of transfers from the federal budget in the budget revenue of Federation components, in percents | Tax revenue sharing between the Federation and Federation components | Total per capita transfers, in 1,000 rubles: | | |
|---|---|---|---|---|---|
| | | | to the federal budget from the Federation component's territory | to the Federation component's budget from the federal budget | Conventional balance of interbudget flow |
| of which: | | | | | |
| Republic of Bashkortostan | 3 | 12:88 | 110 | 19 | 90 |
| Republic of Karelia | 12 | 5:95 | 32 | 109 | -76 |
| Republic of Tatarstan | 9 | 16:84 | 120 | 62 | 57 |
| Republic of Sakha (Yakutia) | 1 | 0:100 | 3 | 33 | -30 |
| others | 48 | 30:70 | 126 | 287 | -161 |
| of which: | | | | | |
| Republic of Adygea | 61 | 12:79 | 68 | 246 | -177 |
| Republic of Buryatia | 51 | 23:77 | 120 | 254 | -134 |
| Republic of Gornyy Altay | 84 | 18:82 | 41 | 834 | -793 |
| Republic of Dagestan | 88 | 15:85 | 18 | 591 | -573 |
| Ingush Republic | 91 | 11:89 | 6 | 627 | -621 |
| Kabardino-Balkar Republic | 72 | 18:82 | 40 | 393 | -353 |
| Republic of Kalmykia—Khalm Tangch | 81 | 22:78 | 53 | 644 | -590 |
| Republic of Karachay-Cherkessia | 64 | 23:77 | 67 | 312 | -246 |
| Republic of Komi | 20 | 40:60 | 450 | 194 | 256 |
| Republic of Mari El | 53 | 23:77 | 100 | 247 | -147 |
| Republic of Mordvinia | 45 | 22:78 | 88 | 163 | -75 |
| Republic of North Ossetia | 71 | 25:75 | 58 | 360 | -301 |
| Republic of Tuva | 79 | 18:82 | 57 | 1,048 | -991 |
| Udmurt Republic | 31 | 39:61 | 250 | 133 | 117 |
| Republic of Khakassia | 31 | 26:74 | 165 | 165 | -1 |
| Chuvash Republic | 28 | 29:71 | 155 | 75 | 80 |
| Autonomous okrugs and oblasts | 19 | 36:64 | 1,088 | 447 | 641 |

| | Share of transfers from the federal budget in the budget revenue of Federation components, in percents | Tax revenue sharing between the Federation and Federation components | Total per capita transfers, in 1,000 rubles: | | |
|---|---|---|---|---|---|
| | | | to the federal budget from the Federation component's territory | to the Federation component's budget from the federal budget | Conventional balance of interbudget flow |
| of them, financially stable | 4 | 37:63 | 1,408 | 83 | 1,325 |
| of which: | | | | | |
| Khanty-Mansi AO | 3 | 41:59 | 1,461 | 68 | 1,393 |
| Yamal-Nenets AO | 4 | 28:72 | 1,259 | 125 | 1,134 |
| others | 63 | 24:76 | 216 | 1,437 | -1,221 |
| of which: | | | | | |
| Yevreyskaya Autonomous Oblast | 53 | 23:77 | 124 | 303 | -179 |
| Aginsk Buryat AO | 83 | 17:83 | 21 | 505 | -484 |
| Komi-Permyak AO | 72 | 19:81 | 40 | 458 | -427 |
| Koryak AO | 82 | 23:77 | 234 | 6,153 | -5,918 |
| Nenets AO | 47 | 18:82 | 166 | 585 | -419 |
| Taymyr (Dolgan-Nenets) AO | 45 | 39:61 | 766 | 1,161 | -395 |
| Ust-Orda Buryat AO | 78 | 15:85 | 28 | 538 | -510 |
| Chukotka AO | 65 | 22:78 | 627 | 3,460 | -2,833 |
| Evenk AO | 65 | 22:78 | 162 | 2,258 | -2,096 |
| "Russian" regions | 18 | 37:63 | 347 | 132 | 214 |
| of which: | | | | | |
| Altay Kray | 53 | 22:78 | 91 | 267 | -177 |
| Krasnodar Kray | 23 | 33:67 | 212 | 102 | 110 |
| Krasnoyarsk Kray | 8 | 35:65 | 408 | 60 | 348 |
| Maritime Kray | 24 | 39:61 | 418 | 230 | 188 |
| Stavropol Kray | 41 | 32:68 | 175 | 177 | -2 |
| Khabarovsk Kray | 29 | 38:62 | 467 | 309 | 159 |
| Amur Oblast | 37 | 36:64 | 261 | 260 | 1 |
| Arkhangelsk Oblast | 28 | 31:69 | 225 | 149 | 77 |
| Astrakhan Oblast | 39 | 29:71 | 138 | 148 | -10 |
| Belgorod Oblast | 15 | 41:59 | 356 | 90 | 266 |
| Bryansk Oblast | 34 | 29:71 | 149 | 94 | 54 |
| Vladimir Oblast | 21 | 40:60 | 270 | 94 | 176 |
| Volgograd Oblast | 16 | 38:62 | 275 | 67 | 208 |
| Vologda Oblast | 13 | 36:64 | 349 | 94 | 255 |

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|---|---|---|---|---|---|
| | | | to the federal budget from the Federation component's territory | to the Federation component's budget from the federal budget | Conventional balance of interbudget flow |
| Voronezh Oblast | 25 | 34:66 | 189 | 64 | 125 |
| Ivanovo Oblast | 35 | 35:65 | 183 | 113 | 69 |
| Irkutsk Oblast | 14 | 35:65 | 357 | 106 | 251 |
| Kaliningrad Oblast | 24 | 32:68 | 223 | 107 | 117 |
| Kaluga Oblast | 34 | 31:69 | 195 | 127 | 68 |
| Kamchatka Oblast | 53 | 23:77 | 289 | 829 | -540 |
| Kemerovo Oblast | 40 | 18:82 | 163 | 253 | -90 |
| Kirov Oblast | 29 | 29:71 | 161 | 88 | 73 |
| Kostroma Oblast | 35 | 35:65 | 223 | 194 | 29 |
| Kurgan Oblast | 42 | 27:73 | 126 | 168 | -42 |
| Kursk Oblast | 16 | 37:63 | 206 | 60 | 146 |
| Leningrad Oblast | 18 | 35:65 | 233 | 74 | 159 |
| Lipetsk Oblast | 13 | 37:63 | 267 | 68 | 199 |
| Magadan Oblast | 54 | 31:69 | 606 | 1,281 | -675 |
| Moscow Oblast | 11 | 42:58 | 384 | 70 | 314 |
| Murmansk Oblast | 19 | 38:62 | 447 | 183 | 264 |
| Nizhniy Novgorod Oblast | 5 | 42:58 | 398 | 32 | 366 |
| Novgorod Oblast | 33 | 32:68 | 180 | 156 | 23 |
| Novosibirsk Oblast | 31 | 30:70 | 213 | 109 | 104 |
| Omsk Oblast | 33 | 29:71 | 206 | 152 | 54 |
| Orenburg Oblast | 25 | 37:63 | 232 | 120 | 113 |
| Orel Oblast | 42 | 36:64 | 194 | 195 | -1 |
| Penza Oblast | 43 | 23:72 | 121 | 133 | -12 |
| Perm Oblast | 12 | 42:58 | 363 | 68 | 295 |
| Pskov Oblast | 43 | 25:75 | 118 | 137 | -19 |
| Rostov Oblast | 21 | 36:64 | 226 | 64 | 162 |
| Ryazan Oblast | 18 | 43:57 | 340 | 115 | 225 |
| Samara Oblast | 8 | 45:55 | 596 | 64 | 532 |
| Saratov Oblast | 24 | 33:67 | 185 | 81 | 104 |
| Sakhalin Oblast | 33 | 26:74 | 270 | 361 | -92 |
| Sverdlovsk Oblast | 4 | 38:62 | 412 | 25 | 387 |
| Smolensk Oblast | 22 | 44:66 | 210 | 80 | 130 |

| | Share of transfers from the federal budget in the budget revenue of Federation components, in percents | Tax revenue sharing between the Federation and Federation components | Total per capita transfers, in 1,000 rubles: | | |
|---|---|---|---|---|---|
| | | | to the federal budget from the Federation component's territory | to the Federation component's budget from the federal budget | Conventional balance of interbudget flow |
| Tambov Oblast | 36 | 27:73 | 130 | 116 | 14 |
| Tver Oblast | 24 | 48:62 | 252 | 95 | 158 |
| Tomsk Oblast | 31 | 32:68 | 292 | 169 | 123 |
| Tula Oblast | 22 | 35:65 | 216 | 97 | 119 |
| Tyumen Oblast | 26 | 35:65 | 352 | 233 | 119 |
| Ulyanovsk Oblast | 23 | 46:54 | 405 | 156 | 249 |
| Chelyabinsk Oblast | 10 | 39:61 | 351 | 58 | 293 |
| Chita Oblast | 40 | 25:75 | 135 | 176 | -41 |
| Yaroslavl Oblast | 9 | 48:52 | 559 | 64 | 495 |
| City of Moscow | 17 | 40:60 | 1,053 | 329 | 724 |
| City of St. Petersburg | 7 | 43:57 | 445 | 53 | 392 |

On average, 45 percent of taxes transferred to the federal budget in 1994 "returned" to Federation components budgets (37 percent in 1993). Among the main "donor" regions were Moscow and St. Petersburg, Nizhniy Novgorod, Samara, Sverdlovsk, and Chelyabinsk Oblasts; Krasnoyarsk, Krasnodar, and Maritime Krays, and the Khanty-Mansi and Yamal-Nenets Autonomous Okrugs. The aggregate transfers from 10-12 Federation components, whose population comprises about one-third of the country's population, in 1994 provided almost 60 percent of the tax revenue for the federal budget. On the other hand, 23 Federation components received at least twice as much money through interbudget transfers as the entire amount of tax revenue from their territories to the federal budget. If we include in the calculations the federal budget's expenses by region (unfortunately, no such statistics are currently kept, which makes it impossible to get a complete balance of financial relations between the center and individual Federation components), the gap between "donor" and "recipient" regions apparently will become even greater.

In 1994 we saw a "dissipation" of federal aid over the territory of the country: 64 Federation components were receiving transfers from the support fund; at the same time, in one in three of them the share of these transfers was no greater than 10 percent of the total budget revenue. We also saw a shift in the distribution of federal aid from the east to the west, and from the north to the south. For instance, while in 1993 the Northern, Northwestern, and Far-Eastern economic regions received 21 percent of all federal subsidies, last year they received only 10 percent. The biggest winners from the introduction of the new method of distributing federal aid were the southern regions of West Siberia (for instance, the share of Kemerovo Oblast increased from 3 to 12 percent, Novosibirsk Oblast—from 2.6 to 5 percent, and so on), the North Caucasus republics (their share increased from 6 to 8 percent), and a number of regions in central Russia. The most alarming part, however, is not the direction of these shifts (there always will be "winners" and "losers" in all budget innovations)—it is the fact that they were accidental and absolutely unfounded from the standpoint of federal regional policy goals.

Moreover, the new methods of regulating interbudget relations turned out overall to be more lucrative for "opposition" regions than for politically "loyal" territories. For instance, among the regions that supported the new Constitution at the 12 December referendum, 40 percent gained from the new procedure of distribution of federal and 26 percent lost. Among the regions that voted against the Constitution, however, winners comprised 55 percent and the losers—only 18 percent. Similar ratios can be detected in the results of the vote in the elections to the State Duma as well. Among the regions that supported "opposition" parties (the CP RF ((Communist Party of the Russian Federation)), LDPR ((Liberal Democratic Party of Russia)), and the Agrarian Party), one in two gained from the transition to the new procedure of distribution of federal aid and only one in four lost, while among the regions that voted against the "opposition," only one in three gained, and one in two lost.

Of course, there was, and there is, no evil intent in this (if for no other reason than the fact that the new mechanism of interbudget relations had been drafted long before 12 December 1993). Moreover, "gains" or "losses" on the part of particular regions turned out to be relative, since, as calculations show, the federal authorities to a considerable extent compensated for their consequences through "informal" channels of federal appropriations distribution between regions (in particular, through the mechanism of mutual settling of accounts). Nevertheless, as in the previous instance, one can clearly see here a rather perceptible failure to anticipate more general consequences of a seemingly purely departmental innovation, and we need to learn a lesson from it.

### What To Do?

In reforming very delicate—as in any Federation—relations between the levels of the budget system of Russia, more broad and active participation of the Federal Assembly, Federation components, organs of local self-government, and so on are a must. So far, however, for several years in a row we see how approaches to regulating interbudget relations, prepared in Minfin's bowels, meet with quite biting, and as a rule, quite well-founded, criticism. It never gets to the point, however, of making any substantial changes in them, since in the conditions of a "condensed" budget process, this is only possible at the cost of delaying budget approval at all levels—from federal to local. In the end, a constant replay of this situation will result in a new round of tensions in interbudget relations and complete derailment of the budget reform.

Judging by the adopted law on the 1995 federal budget, in the current year the mechanism of interbudget relations will not undergo any substantial changes. On the one hand, this will preserve all its shortcomings, and on the other, will create stability much needed for budget system's adaptation to new and unaccustomed principles of regulation. We need to use this "time-out" to resolve two crucial problems on the current agenda.

First, it is necessary to extend standard principles of interbudget relations to all Federation components without exception; put an end to the tradition of regions lobbying behind the scenes for various individual preferences and privileges at the expense of the federal budget; and suspend—at least until relevant federal legislation is adopted—the signing of agreements on tax and budget issues with individual Federation components. The first signs of the new year look encouraging: The budget "experiment" on the territory of Karelia has been wrapped up; an agreement has been reached on extending the general tax regime to cover Yakutia; and privileges in foreign economic activities for the regions have been eliminated. The only question that remains is whether the federal authorities will have enough political will to consistently follow this line in the conditions of pressure from the regional elite, which is growing as parliamentary elections approach.

Second, the mechanism of interbudget relations must be adapted to the program of financial stabilization. Currently the budget deficit is fully concentrated on the federal budget level, and a considerable part of the economically and socially unjustified subsidies and grants to various economic sectors slated for cuts—at the territorial budgets level. Therefore, it is necessary to set up as early as this year, on the one hand, a system of incentives for regional authorities to conduct a rational budget policy linked to the federal program of cutting state expenditures, and on the other, to create mechanisms for utilizing the savings forming at the "ground floors" of the budget system to reduce the federal budget deficit.

As to the more long-term future, we should accelerate the transition from "experimental" budget federalism based on presidential edicts, annual laws on the federal budget, and departmental instructions, to "legislative" budget federalism. In its foundation should be a package of legislative acts (the Tax Code, the new wording of the law "On the Foundations of the Budget System and Budget Process in the Russian Federation," the law "On the Foundations of Budget Relations Between Federal Organs of State Authority, Federation Components' State Organs of Authority, and Organs of Local Self-Government"), which will put in place an integrated concept of reforming the tax and budget system.

Successful completion of these tasks will make the development of Russian budget federalism irreversible. Otherwise, the evolution of interbudget relations will continue to proceed spontaneously, creating a constant threat to the national budget system, economic reforms, and Russian statehood.

## *New Approach To Allotting Funds for Supplying North Described

### *Banks To Act as Agents for Specific Regions

*954E1046A Moscow SEGODNYA in Russian*
*27 May 95 p 1*

[Article by Mikhail Leontyev: "They Have Divided the "North"]

[FBIS Translated Text] It is well known that the main source of quick enrichment in our country is the budget. Access to budget money or advantageous credits—be it a program for the construction of housing for servicemen, the development of a small business, or support for the coal industry or the agro-industrial complex—is the main interest and consequently the basic object of lobbying on the part of the interested commercial structures and commercialized state structures. Widely known is the story about the maritime miners, who for a long time demanded from the government the payment of their withheld wages, after which it turned out that the lion's share of the state subsidies sent ended up in the commercial and the "informal-state" sector. According to information of the Ministry of Finance for the Eastern Donbass (SEGODNYA No 91 of 19 May), where an analogous picture was observed, the underfinancing amounted to 7 percent, which could in no way cause serious difficulties with the payment of wages. It is easy to suggest that the remaining sums were simply divided between the go- betweens and the local administration.

Without a doubt, the tastiest morsel of the budget trough are the credits being annually allotted for the "northern delivery." This measure has a seasonal character and, without a doubt, cannot be realized given the present situation and the corresponding commercial credit rates based on it until in the indicated regions some sort of life and industrial activity is maintained once again. In spite of this, the distribution of these super cheap and extremely uncontrolled credits is carried out simply on an individual basis; that is by guess and by God, over the thumb. The distribution of forces and interests capable of influencing the movement of this magic little thumb can be very significant.

By a protocol dated 23 May 1995, the funds of the Federal Fund for the Support of Production Deliveries to the Regions of the Extreme North are distributed not only among the territories but also among the "banking-agents" affiliated with it. In the table we cite the distribution of the funds of the Federal Fund in percent among the most important participants in the division:

**Table 1. Distribution of Federal Funds for Regions of the Extreme North**

| Region | Percent | Banking-Agents |
|---|---|---|
| Komi | 2.29 | Alpha-Bank |
| Yakutia | 12.82 | ONEKSIM [Unified Export-Import Bank ] |
| Krasnoyarsk Oblast | 4.61 | InterTEKbank |
| Arkhangelsk Oblast | 8.51 | InterTEKbank |
| Magadansk Oblast | 12.79 | Mezhprombank |
| Murmansk Oblast | 3.7 | Mezhprombank |
| Sakhalinsk Oblast | 4.62 | Mezhprombank |
| Chukhotka | 11.89 | Rato-Bank |
| Yamalo-Nenetskiy Okrug | 3.41 | InterTEKbank |
| Khanty-Mansiyskiy Okrug | 2.70 | Mezhprombank |
| Karelia | 2.71 | InterTEKbank |

Incidentally, on the basis of this protocol one can draw an interesting conclusion concerning the reduction of the role (and thus the share) of the regions in the division of the "north". Previously the credits were allotted to the regions, and they already divided the pie directly among the banks. Now the federal authorities have taken over this onerous function.

## *Executive Organs Responsible for Determining Needs

*954E1046B Moscow ROSSIYSKAYA GAZETA in Russian 3 Jun 95 p 4*

[Unattributed article]

[FBIS Translated Text] In order to provide for normal living conditions for the population of the northern regions of Russia and to increase the effectiveness of the budget funds, every year the Russian Government issues an appropriate decree. Previously the delivery of all production was financed through the extension of credit to enterprises. As a result of the high bank interest rates, many of them have proved to be in a complete breakdown. Last year for the first time in the Law on the Federal Budget for 1994, we saw the appearance of the concept of state financial support connected with the delivery of production to the regions of the Extreme North and localities placed on the same footing with them.

"In accordance with a recently adopted decree, oil, oil products, and fuels are delivered at the expense of the Federal Fund for Support ," was the comment of Viktor Andronchik, Russian deputy minister for nationalities affairs and regional policy. "Since all the funds allotted last year (and they amount to 7.1 trillion rubles) were left to be managed by the executive organs for the creation of regional funds, other types of products, including for production and technical purposes, will be delivered at the expense of their funds. Moreover, the organs of executive power were granted the right to determine the list of products, medicines, drugs, daily necessities, the volumes of their internavigational [mezhnavigatsionnyy] supplies, the suppliers, and the intermediaries."

If necessary—and this is a novelty—the heads of the administration have the right to turn to the Ministry of Finance to receive budget loans for the cash difference that arises because of the disagreement of the terms for the return of the funds of the Federal Fund with the terms for the purchase and delivery of goods. In the new document the responsibility of the organs of executive power is increased. For example, for the aimless [netselevoye] use of funds of the Federal Fund or failure to return them in time, the financing may be terminated.

As far as the dimensions of the state assistance to various regions of the extreme north are concerned, there are various points of view among specialists on this account. Precisely for this reason, in the decree the Ministry for Nationality Affairs and Regional Policy, together with the Ministry of Economics and the Ministry of Finance, has been instructed to develop and submit to the government a scientifically grounded proposal that would take into account the nature and climate conditions of the regions and their socioeconomic peculiarities.

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